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TITLE 3—THE PRESIDENT

EXECUTIVE ORDER 9932

ACQUISITION OF COMPETITIVE STATUS AND REEMPLOYMENT OF CERTAIN PERSONS APPOINTED OR ASSIGNED TO THE FOREIGN SERVICE

By virtue of the authority vested in me by the Civil Service Act of January 16, 1883 (22 Stat. 403), section 1753 of the Revised Statutes, the Foreign Service Act of 1946 (60 Stat. 999), and as President of the United States, and in order to facilitate the interchange of personnel between the Foreign Service of the United States and other branches of the Government, it is hereby ordered as follows:

1. Any officer or employee of the Government assigned to the Foreign Service as a Foreign Service Reserve Officer in accordance with section 522 (2) of the Foreign Service Act of 1946 who was at the time of his assignment an officer or employee of the Government serving under a war service indefinite or temporary indefinite appointment and who is reached in regular order for probational appointment from a Civil Service register appropriate for filling the position in which he was serving at the time of assignment or who could, with the approval of the head of the agency in which he was serving, have been given a competitive status under Civil Service Rule III if he had remained in his former position, shall be considered as having a competitive status as of the date he is reached for probational appointment or classification.

2. Any officer or employee of the Government who is appointed, at the request of the head of the agency in which he was serving, as a Foreign Service Staff Officer or employee for a period limited in duration to four years or less shall be entitled to the same rights with regard to acquisition of a competitive status as is provided by section 1 of this order, and any such officer or employee who has, or acquires, a competitive status shall be entitled to the same rights with regard to reinstatement in such agency as a person who is assigned to the Foreign Service as a Foreign Service Reserve Officer is entitled to receive under the terms of section 528 of the Foreign Service Act of 1946.

3. Whenever an agency fills a position previously occupied by a Foreign Service Reserve Officer or a Foreign Service Staff Officer or employee entitled to reinstatement in such agency under the provisions of the Foreign Service Act of 1946 and this order, the appointment, promotion, transfer, or other personnel action shall be made on a temporary basis pending the return of the officer or employee in question.

4. The Department of State shall, at least two months prior to the completion of the service of a Foreign Service Reserve Officer, Staff Officer, or employee entitled to reinstatement under the provisions of the Foreign Service Act of 1946 or of this order, notify the officer or employee and the head of the agency in which the officer or employee was serving immediately prior to his assignment to the Foreign Service of the proposed termination of assignment in the Foreign Service, and such agency shall, prior to the termination of assignment in the Foreign Service, make arrangements for the return to duty of such officer or employee.

5. A person shall be deemed to have waived his rights to reinstatement under the terms of section 528 of the Foreign Service Act of 1946 and the terms of this order if he accepts at the termination of his period of service in the Foreign Service a position elsewhere than in the Government agency in which he has previously served or fails to avail himself of his right to reinstatement within thirty days after the end of his period of service in the Foreign Service.

6. The Civil Service Commission is authorized, after consultation with the Department of State, to prescribe such rules and regulations as may be necessary to carry out the provisions of this order: *Provided*, that any changes in such rules and regulations made subsequent to the appointment or assignment of personnel for duty with the Foreign Service shall not be effective as to such personnel without the prior concurrence of the Department of State.

7. This order shall become effective as of September 1, 1947.

HARRY S. TRUMAN

THE WHITE HOUSE,
February 27, 1948

[F. R. Doc. 48-1902; Filed, Mar. 1, 1948; 12:12 p. m.]

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EXECUTIVE AGENCIES

FEDERAL REGISTER

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CODIFICATION GUIDE—Con.

EXECUTIVE ORDER 9933

AMENDING EXECUTIVE ORDER NO. 9805 PRESCRIBING REGULATIONS GOVERNING PAYMENT OF TRAVEL AND TRANSPORTATION EXPENSES OF CIVILIAN OFFICERS AND EMPLOYEES OF THE UNITED STATES WHEN TRANSFERRED FROM ONE OFFICIAL STATION TO ANOTHER FOR PERMANENT DUTY

By virtue of and pursuant to the authority vested in me by the act of August 2, 1946, 60 Stat. 806, and in the interest of the internal management of the Government, it is ordered that section 12 of Executive Order No. 9805 of November 25, 1946, prescribing regulations governing payment of travel and transportation expenses of civilian officers and employees of the United States when transferred from one official station to another for permanent duty be, and it is hereby, amended to read as follows:

SEC. 12 (a) *Commutation of expenses—general.* In lieu of the payment of actual expenses of transportation, packing, crating, drayage, and unpacking of household goods and personal effects in the case of transfers between points within the continental United States, reimbursement shall be made to the employee on a commuted basis at rates per hundred pounds as fixed by zones in Schedule A which is attached to and made a part of these regulations. The amount payable shall be the product of the applicable rate and the net weight of household goods and personal effects actually shipped by carrier for the employee (within the weight limitation prescribed by section 16 hereof). Government bills of lading shall not be used.

(b) *Commutation of expenses—temporary storage.* In lieu of the payment of actual expenses of temporary storage of household goods and personal effects in the case of transfers between points within the continental United States and in addition to allowances under Schedule A, reimbursement shall be made to the employee at the commuted rate of $1.60 per hundred pounds for the first 30 days of storage or fraction thereof plus 40¢ per hundred pounds for the next 30 days or fraction thereof: *Provided, however,* that the amount of the reimbursement shall not exceed the amount actually paid by the employee for the storage in question. Any claim for reimbursement for temporary storage shall be supported by the original or certified copy of the receipted warehouse bill.

This order shall become effective as of July 1, 1947, and shall be published in the FEDERAL REGISTER.

HARRY S. TRUMAN

THE WHITE HOUSE,
February 27, 1948.

[F. R. Doc. 48-1903; Filed, Mar. 1, 1948; 12:12 p. m.]

TITLE 6—AGRICULTURAL CREDIT

Chapter III—Farmers Home Administration, Department of Agriculture

MISCELLANEOUS AMENDMENTS TO CHAPTER

The following amendments are made to Chapter III of Title 6.

Subchapter G—Farm Ownership

PART 366—FARMS

Part 366, "Farms" in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Cum. Supp., Chapter III, Subchapter G), is amended by adding §§ 366.4, 366.31, 366.32, and 366.33 as follows:

§ 366.4 *Subdivision*—(a) *General.* In areas where large tracts of land are available and satisfactory family-type farms are difficult to obtain, consideration may be given to the subdivision of tracts into family-type farms for Farm Ownership applicants. Each farm unit so established shall be capable of independent operation by a single family and shall meet all the standards and requirements prescribed for individual Farm Ownership farms.

(b) *Optioning.* (1) If the tract is found acceptable for subdivision into more than three farm units, an option will be taken on Form FHA–188D from the seller, with the assistance of the employee authorized to appraise farms. The option will be taken at the lowest possible price. Great care should be used in such negotiations to avoid waste of time and expense. An option should not be taken until there are sufficient bona fide applicants in the county who have signified a willingness to purchase subdivided units equal in number to the number of units into which the tract will be subdivided.

(i) A single option will be taken on the whole tract on Form FHA–188D in the name of a bona fide Farm Ownership applicant interested in a unit in the tract proposed for subdivision. In no case will the person in whose name the option is taken be designated as an agent or trustee, or as acting in a similar capacity in connection with the subdivision of the tract or the handling of loan funds. Under no circumstance will an option be taken in the name of a Farmers Home Administration employe. The County Supervisor is responsible for explaining the terms and conditions of Form FHA–188D; including survey requirements, to the seller and the applicant in whose name the option is taken.

(ii) If satisfactory materials for permanent boundary markers for individual units are not on the tract, a specific requirement will be inserted in Form FHA–188D to require the seller to furnish markers made of any suitable material, including concrete, stone, or iron pipe.

(iii) At the time the seller signs the option, he will be required to designate, in writing, the title insurance company from which title insurance will be obtained. (See § 366.61 concerning the policies applicable to the selection of a title insurance company.)

(2) If the study of the tract indicates that the land can be subdivided into two or three farm units, an effort should be made to obtain a separate option on Form FHA–188A, "Option for Purchase of Farm," or FHA–188B, "Option for Purchase of Farm," on each of the separate units of the tract.

(i) If the seller desires, the following provision may be inserted in the option:

> This option shall be contingent upon the acceptance of _____ other options of this date executed by the seller herein to the following persons: _____ and _____.

(ii) If the seller is to furnish a survey, the following will be inserted in the option form:

> The seller agrees to furnish, at his expense, if the Government so requires, an accurate survey, in accord with such engineering standards as the Government may prescribe, of the land herein described, made and certified by a survey or acceptable to the Government. It is understood that the cost of the survey shall not exceed the sum of _____ Dollars.

(c) *Recording of option.* In some cases, it may be desirable to record the option, after approval by the State Director, to prevent third parties from acquiring an interest in the optioned property. If it is determined by the representative of the Office of the Solicitor that the option should be recorded, it will be sent to the County Office for recordation purposes and then returned to the State Office. If the option is recorded, the fee will be paid by the buyer in whose favor the option was given.

(d) *Assignment of interest in option*—(1) *Assignment of interest in option by buyer.* Whenever the buyer in favor of whom Form FHA–188D was given assigns a unit to an applicant, Form FHA–188E, "Assignment of Interest in Option," will be used. A separate assignment will be prepared for each unit in the subdivision to be assigned and will be executed by the buyer in favor of the applicant who will purchase the unit. When the survey is to be made at the expense of the seller, the paragraph numbered 2 of Form FHA–188E will be deleted.

(2) *Designation of interest in option by State Director or by State Field Representative.* In case the buyer named in option Form FHA–188D is not willing or able to execute an assignment of in-

terest in option on Form FHA–188E, or if a substitute assignee is to be designated. the State Director will execute Form FHA–188G, "Designation of Assignee of Interest in Option." The State Director is authorized to delegate this authority to State Field Representatives.

(i) When the survey is to be made at the expense of the seller, the paragraph numbered 2 of Form FHA–188G will be deleted.

(ii) The second "Whereas" clause of Form FHA–188G will be deleted in each instance in which a substitute assignee is designated.

(iii) Whenever a State Field Representative who has been authorized to execute Form FHA–188G designates an assignee or substitute assignee, the State Field Representative will sign his name on the first line below the date of the instrument and the following will be typed between the line for the signature and the next line on the form: "State Field Representative for State Director, State of (Name of State)"

(e) *Approval of loans.* Individual loans will be reviewed by the State Field Representative, as prescribed in § 367.1 of this chapter. The State Field Representative is authorized to approve individual Farm Ownership loans in connection with a subdivision. A loan must not be approved until the applicant is thoroughly familiar with the proposed farm unit which he will purchase and has indicated his intention to follow through with the loan and purchase. Applicants must not be persuaded to accept subdivision units in lieu of other farms upon assurances that they will not have to occupy the units or that better farms will be secured for them later. When the State Field Representative has approved loans for all units in a subdivision, he will prepare a memorandum to the County Supervisor, listing for each farm unit the name of the borrower, the option price, and the total amount of each loan.

(f) *Acceptance of option and ordering title insurance.* Upon approval of all of the individual loans by the State Field Representative, acceptances of the options for the fractional interests in the tract will be obtained from the individual purchasers. The buyer named in Form FHA–188D will accept his unit by using Form FHA–191C, "Acceptance of Option by Buyer." Form FHA–191A, for each of the other applicants, will be prepared in an original and three copies by the County Supervisor. In instances in which the applicant was designated as assignee on Form FHA–188G, the first two lines of the second paragraph on Form FHA–191A should be amended to read as follows:

> The State Director of the Farmers Home Administration has designated me, by an agreement dated the _____day of _____ 19__, a copy of which is attached, assignee of the right to purchase for the sum of.

The signed originals of Forms FHA–191C and FHA–191A, together with a copy of each of the related Forms FHA–188E and FHA–188G, will be sent to the seller by the County Supervisor as attachments to the letter directing the seller to arrange for title insurance and to begin the survey. The copies of Forms FHA–191A and FHA–191C will be distributed as follows: One copy will be sent to the person who executed the original; one copy will be retained in the County Office; and one copy will be forwarded to the State Office for inclusion in the permanent tract folder. It should be clearly understood by all persons concerned that completion of the loans will be contingent upon acceptances by the buyer and all assignees. Under no circumstances will an option be accepted by a Farmers Home Administration employee.

(g) *Survey.* (1) When the seller has selected a survey acceptable to the title insurance company, as required in the letter forwarding the acceptances of the option, the County Supervisor will furnish the survey with a copy of the tentative subdivision map prepared by the employee authorized to appraise farms. The County Supervisor will also request that the surveyor attempt to follow the tentative subdivision map as closely as possible with respect to general layout and the acreage for each unit, especially the open acreage. The County Supervisor will inform the seller and the surveyor that the survey plats will be required to show the following information:

(i) In rectangular survey areas, the section lines and such range and township designations as are necessary for the location of the tract.

(ii) The total acreage of the tract and of each unit.

(iii) The location of present public roads.

(iv) The boundary lines of individual units.

(v) The indentification of each unit by number in the same manner as shown on the tentative subdivision map.

(vi) Other items required by the State Director, such as:

(*a*) Significant topographic features, such as lakes and streams.

(*b*) The location of public facilities, such as railroads, pipelines, and power lines.

(*c*) Proposed public roads, including width.

(*d*) Acreage of open land and woodland in each unit.

(vii) A form of surveyor's certification meeting the requirements of applicable State statutes and the title insurance company involved. If a specific form of certification is not required by State law or the title insurance company, the surveyor's certification should be in substantially the following form:

> To all persons interested in title to the premises surveyed—I hereby certify that the above map or plat is an exact representation of a survey made by me of the lands shown and is correct; that the descriptions written hereon or attached hereto are true and correct; and that there are no encroachments either way across property lines, except as shown hereon and specifically referred to in the Surveyor's Report attached hereto.

(2) In addition to the map, the County Supervisor will request from the surveyor a typewritten legal description of the tract as a whole and of each subdivision unit and, when required by the title insurance company, will ask him to complete the appropriate "Surveyor's Report Form." These documents will be attached to the map of survey. The County Supervisor will also request from the surveyor a written statement to the effect that the error of closure for the survey does not exceed 1:2000.

(3) The employee authorized to appraise farms will visit the property and check the survey to ascertain whether the property is being properly divided and to suggest any necessary adjustment. He will ascertain that each unit of the tract will have access to a public road. If necessary, arrangements should be made for public or private easements for roads, drainage, and irrigation. (See paragraph (i) of this section.) If he finds the map consistent with the tentative subdivision map, he will initial the map of survey.

(4) Upon approval by the employee authorized to appraise farms, the County Supervisor will forward to the State Office the original cloth map of survey, together with the description of the tract as a whole, the description of each individual farm unit, and, when required by the title insurance company involved, the Surveyor's Report Form. (The cloth map of survey should be mailed in an appropriate mailing tube.) The map of survey will not be recorded nor will any copies be made before approval by the State Director.

(5) Upon receipt in the State Office, the map of survey and attachments will be sent to the representative of the Office of the Solicitor for review. Upon approval by the representative of the Office of the Solicitor and the State Director, the State Office will return the map of survey, with attachments, to the County Supervisor, who will advise the surveyor to make as many complete copies or prints of the approved map of the survey, as well as the certification and attachments, as are necessary to meet the requirements listed below. The original map will be recorded by the County Supervisor in the deed records in the county where the land is located. The buyers will share equally the costs of recording. The copies of the map and descriptions, together with copies of the "Surveyor's Report," if such report is required by the title insurance company, will be distributed as follows:

(i) As many copies to the local representative of the title insurance company as are required.

(ii) Two copies to the State Office. One of these copies will contain the date of recordation and the book number and page number under the certificate of the official recorder.

(iii) One copy will be retained in the County Office file.

(6) If satisfactory permanent markers for individual farm units are not in place, the County Supervisor will require the seller to have the surveyor place permanent markers of concrete, stone, iron pipe, or other suitable material at all corners of each farm unit. The County Supervisor will request the surveyor not to place these markers before obtaining the approval of the employee authorized to appraise farms. To prevent misunderstandings arising in the future, each borrower will inspect the boundary lines

of his unit at the earliest possible time after the markers are placed by the surveyor.

(h) *Title clearance.* Except as otherwise provided in this section, title clearance will be effected in accordance with § 366.61.

(i) *Easements and rights-of-way for roads, drainage, and irrigation.* Frequently, incident to the subdivision of a tract, it will be necessary to arrange for easements and rights-of-way over particular units, which may or may not be benefited, or over land outside the subdivision, to provide roads, irrigation, and drainage to other units. The cost of such easements or rights-of-way are to be borne solely by the buyers whose units are to be benefited by the roads or drainage and irrigation facilities in proportion to the benefits to be derived by the several units. Whenever local governmental or quasi governmental units, such as States, counties, townships, and road, drainage, and irrigation districts, are to provide the services for which the easements or rights-of-way are to be conveyed, the conveyance of the easements or rights-of-way should be made directly to such governmental units. If no such governmental or quasi governmental unit is to construct and maintain the facility, the conveyances will run to the buyers of, and be made appurtenant to, the lands to be benefited. The loans to the buyers will include sufficient funds to cover the cost of the easements or rights-of-way which benefit their lands. Instruments for the conveyance of easements or rights-of-way will be prepared or approved by the representative of the Office of the Solicitor. The following methods for the conveyance of easements and rights-of-way may be used:

(1) The instruments for the granting of the easements or rights-of-way may be executed by the buyers of the units over which the easements or rights-of-way are to run, whether the instruments are executed in favor of private persons or governmental or quasi governmental units. The execution of such instruments or rights-of-way to governmental closing of the loans. The County Supervisor should explain to buyers executing such instruments that allowance was made in determining the cost of their units for the easements or rights-of-way conveyed.

(2) The seller may be required to execute instruments for conveyance of easements o rrights-of-way to governmental or quasi governmental units immediately prior to the closing of the loans. If this method is used:

(i) The following provision should be inserted in Form FHA–188D prior to the time of execution thereof:

If this option is accepted, the seller agrees to execute such instruments for the conveyance of rights-of-way or easements over the above-described lands as the Government may require. It is expressly understood that the conveyance of such easements or rights-of-way pursuant to the requirements of the Government shall not diminish the total purchase price stipulated in paragraph 4 of this option.

(ii) The following provision should be inserted in each Form FHA–188E or FHA–188G, prior to the time of execution thereof:

The rights in the land covered by this instrument shall be subject to the conveyance by the grantor of the above-mentioned option of such easements or rights-of-way as may be made in accordance with the requirements of the Government, as provided in said option.

§ 366.31 *Building construction and repair; minimum standards*—(a) *General.* (1) The need for building construction and repair will be considered carefully by Farmers Home Administration officials and County Committeemen in connection with the making of each Farm Ownership loan. Needed funds will be included in Farm Ownership loans for expenditures for all planned construction or repair work necessary to put the farm in livable and operable condition at the time of occupancy or as quickly as practicable thereafter. Livable and operable conditions means reasonable compliance with the minimum standards for land development set forth in § 366.21, and the minimum standards for construction and repair set forth herein.

(2) It is assumed that farm income, at least until the borrower has acquired a substantial equity in his farm, will be needed to meet living and operating expenses and to get the borrower ahead of schedule in retiring his Farm Ownership loan. In general, therefore, farm income should not be used to finance expenditures for planned construction and repair. As each borrower makes progress in acquiring equity in his farm, there will be occasion to construct and repair buildings not originally planned because of unforeseeable circumstances and conditions. The use of farm income to finance such needed improvements may be authorized when the borrower is substantially ahead of schedule and when the use of farm income will not jeopardize his ability to maintain his Farm Ownership account in good standing or his ability to meet other planned obligations. Otherwise, such needed improvements should be financed with a subsequent Farm Ownership loan, if authorized, or from some other source.

(3) Funds should not be included in Farm Ownership loans to repair old dilapidated structures which would be short-lived and unsatisfactory if they were repaired. Such structures should be demolished. Suitable new structures should be built if they are needed and essential to the successful operation of the farm. On the other hand, structures of value and potential usefulness should not be destroyed, but should be repaired. Good judgment is required on the part of all concerned in applying this policy.

(b) *Minimum standards for construction and repair.* (1) Minimum standards for construction and repair are not subject to rigid definition. Therefore, good judgment is required in interpreting and applying such standards to local conditions and individual circumstances. With these qualifications, necessary plans and necessary funds will be provided in connection with each Farm Ownership loan to meet the following minimum standards for construction and repair:

(i) *Domestic water supply.* The domestic water supply must be adequate and uncontaminated. Wells and springs should be situated so as to avoid pollution from barns or outdoor toilets and should be protected from surface seepage. Wells should have concrete slab covers with sanitary type pumps installed. Cisterns should be kept clean and tightly covered.

(ii) *Privies.* Privies must meet State Health Department approval as to design and location.

(iii) *Foundations and floors.* Foundations must be adequate and sound, and floors must be in good conditions.

(iv) *Roofs and exterior walls.* Roofs must be watertight. Exterior walls of wood should be protected by paint or other preservative, except in the case of old structures with very rough exterior finish or in the case of temporary buildings where painting would not be practicable.

(v) *Chimneys and flues.* Chimneys and flues must be so constructed and in such repair as not to be fire hazards. New chimneys should be built from the ground up with clay tile or other suitable lining. Old chimneys and flues should be examined thoroughly for defects and should be well braced and supported. Mortar joints should be tight. No frame should be built into the chimney.

(vi) *Interior walls and woodwork.* Interior walls and woodwork should be clean and in good repair.

(vii) *Ceilings.* Ceilings must not be less than seven feet four inches high for all new dwellings. In the case of remodeling, this standard should be met as far as practicable.

(viii) *Windows and doors.* Windows and doors must be in good repair, properly screened, and in sufficient number to provide adequate light and ventilation.

(ix) *Stairs and ladders.* Stairs and ladders must be made safe and firm. Stairs, particularly those in the dwelling, should be provided with handrails.

(x) *Sleeping quarters.* Sleeping quarters should be adequate to meet family needs.

(xi) *Kitchens.* Kitchens in both new and remodeled dwellings should be lighted and ventilated adequately, properly equipped with sinks, cupboards, drawers and adequate working surfaces. Sinks should be connected with drains which carry off water in a sanitary manner.

(xii) *Home storage space.* There should be adequate space for storing food, clothing, utensils, tools, produce, and other household items.

(xiii) *Farm storage space and shelter.* There should be adequate space for storing grain, feed, farm products, equipment, and supplies. Adequate shelter should be provided for planned poultry and livestock enterprises.

(2) *State additions.* The State Director is authorized, where necessary in order to meet local conditions, to make additions to the minimum standards for construction and repair set forth in subparagraph (1) of this paragraph.

(c) *Accomplishing building construction and repair.* The details for planning items of building construction and repair

are contained in § 366.32, and the details for performing items of building construction and repair are contained in § 366.33.

§ 366.32 *Planning farm development*—(a) *General*—(1) *Definitions.* For the purposes of the Farm Ownership Program, the following terms are defined:

(i) "Farm development" means construction and land development on Farm Ownership farms. The term "development" as used in this section includes the term "improvement".

(*a*) "Immediate development" means all farm development which is needed within the first 15 months after the borrower occupies his farm as owner to permit the efficient carrying out of the long-time farm and home plan and to conform to minimum standards.

(*b*) "Deferred development" means farm development which is planned at the time of the initial loan but which, in accordance with the long-time farm and home plan, may be postponed beyond the first 15 months after the borrower occupies his farm as owner, without jeopardizing the efficient operation of the farm. "Deferred development" will become "immediate development" as soon as loan funds for deferred items have been received by the borrower.

(ii) "Land development" means such items as fencing, clearing, leveling, terracing, draining and irrigating systems, development of permanent pasture, woodlots and orchards, and applications of basic soil amendments and fertilizers in connection with permanent conservation practices. (See § 366.21.)

(iii) "Construction" means the erection, alteration, salvage, removal, or repair of any building or structure, or additions thereto as well as the installation or repair of, or additions to, electric systems, domestic and stock water systems, or sewage disposal systems. (See § 366.31.)

(iv) "Contract" means a fully executed Form FHA–296, "Construction Contract."

(2) *Policy regarding deferred development.* (i) In the past, deferment of farm development was permitted because of wartime restrictions on construction and the lack of labor and materials. Farm development will not be deferred hereafter for these reasons.

(ii) Farm development will be deferred only when the long-time farm and home plan indicates that such development should properly be performed at a date more than 15 months beyond the time the borrower occupies his farm as owner. Such deferment will be approved only after the loan approving officer has specifically ascertained that the borrower clearly understands the deferred development program and intends to complete it as scheduled. It is intended that any needed development which will contribute to the efficient operation of the farm and which will properly be performed within the first 15 months after the borrower occupies his farm as owner, will be planned as immediate rather than deferred development. Farm development might properly be deferred in situations such as the following:

(*a*) Assume that the farm in question has been operated on a cash crop economy but that the applicant in his long-time plan proposed to operate it as a dairy farm. This involves establishing pasture and hay seedings during the first two years and the purchase of high quality dairy calves which would mature at the time the feed base became established. Construction of a dairy barn and milk house is planned at the beginning but these buildings can be used only after the dairy herd has matured. In such a case construction might properly be deferred for a period of two years.

(*b*) Another example is provided by the land clearing methods followed in some areas where the land is surface cleared and allowed to remain for a year or more before the stumps are removed. In such an instance the land development represented by the removal of stumps would be a proper matter for deferment.

(iii) In no event will any farm development which is to be financed from appropriated funds be deferred beyond two years following the end of the fiscal year during which the funds are obligated.

(3) *Authorized substitute for engineer.* The State Director, with the advice of the Engineer, if available, is authorized to delegate to any qualified and properly trained Farmers Home Administration employee planning duties and functions of the Engineer, which other staff members can do or can be trained to do effectively, such as the preparation of Form FHA–643, "Farm Development Plan," in cases involving minor items of development or the use of approved standard plans. Whenever the term "Engineer" appears in this section it will include his authorized substitute.

(b) *Responsibilities for planning farm development*—(1) *Responsibilities of the applicant.* (i) The applicant and his wife, in consultation with the County Supervisor, will decide upon the nature and extent of the farm development work necessary to meet minimum farm development standards. This will involve a decision as to the construction necessary, under the annual and long-time farm and home plans, to meet family needs, livestock and storage requirements, as well as the kind and extent of land development required.

(ii) When a new building is required, standard building plans will be made available to the applicant. Minor modifications may be made in such standard plans to meet individual circumstances, but special plans will not be provided by the Farmers Home Administration for new buildings to meet the needs and desires of each applicant. The applicant may furnish, at his own expense, complete plans and specifications which may be utilized upon approval by the Engineer and the State Director.

(iii) The applicant should understand and agree to all construction and land development work itemized on Form FHA–643 with the understanding that revisions of the plan may be made in accordance with § 366.33.

(2) *Responsibilities of the County Supervisor.* (i) The County Supervisor will be responsible for arranging all meetings regarding farm development between the applicant, his wife, and Farmers Home Administration personnel. It is desirable that all persons involved in the farm development planning visit the farm together. If this cannot be arranged, the least possible number of visits will be scheduled consistent with sound planning.

(ii) The County Supervisor will be responsible for conducting the farm development planning meeting on the farm. He will advise the applicant and his wife of such factual information as they may require to determine the farm development best suited to their plan of farm operation and the best methods of accomplishing the work.

(iii) The County Supervisor will make sure that the applicant and his wife have participated fully in, understand, and are in complete agreement with the farm development plan for the farm.

(3) *Responsibilities of the engineer.* (i) The Engineer will render technical advice to the applicant and the County Supervisor and will furnish the necessary cost estimates and plans and specifications.

(ii) If it appears that sufficient funds cannot be made available to accomplish planned farm development, the Engineer will suggest, if practicable, alternative plans which come within the limit of available funds and which will result in at least minimum standards for farm development.

(c) *Planning farm development.* (1) Form FHA–643, "Farm Development Plan," will be used in planning farm development. The Engineer will complete Parts I and II of the Form. These two parts must be completed in time to be available for consideration by the County Committee in connection with the certification of the farm on Form FHA–491, "County Committee Certification." The County Supervisor will complete Part III of Form FHA–643. The Engineer will consult with the County Supervisor and the borrower regarding all farm development. Agreements should be reached on the various jobs to be done and the methods of completing the work. The Engineer and the County Supervisor will also take into consideration pertinent information contained in Form FHA–596, "Earning Capacity Report," the requirements of the annual and long-time farm and home plans, the financial condition and desires of the borrower, the contribution to net income which the proposed farm development will make, labor efficiency, minimum farm development standards and other pertinent factors.

(2) The Engineer will estimate the cost of providing each planned farm development item at the lowest practicable sum using current construction costs. He will include all items of land development recommended by the employee authorized to appraise farms and will take into consideration the estimated cost of such land development. Minimum standards for land development, as well as the most efficient use of available labor and materials, also will be carefully considered. No alterations or deletions will

be made in the Engineer's cost estimates without the approval of the Engineer.

(3) The borrower, the County Supervisor, and the Engineer will agree as to what structures, if any, should be moved or salvaged. Such structures will be listed and appropriately identified in Column (1), Part I, of Form FHA–643. Any net proceeds from the sale of such structures will be applied as an extra payment on the loan or will be used to pay the cost of authorized farm development, if such is contemplated on Form FHA–643.

(i) No structures to be salvaged or removed will be retained on the farm longer than 15 months after the borrower occupies his farm as owner without specific authority from the State Director.

(ii) The amount of planned loan funds, if any, to be expended on structures to be salvaged later or removed will be inserted in Part I, Column (3), of Form FHA–643, opposite the name of the item in Column (1).

(d) *Preparation of loan documents when deferred construction is involved.* When deferred construction is included on Form FHA–643, the following requirements will be adhered to in preparing the loan documents:

(1) *Amount of immediate advance.* The amount of the immediate advance will be inserted on Form FHA–190, "Promissory Note," Form FHA–5, "Loan Voucher," and Form FHA–668, "Loan Agreement and Request for Funds." This amount must correspond with the amount on line 10, Column (1), Part III of Form FHA–643.

(2) *Amount of deferred advance.* In order to obligate funds for future use by the borrower, the amount of the deferred advance will be inserted on Form FHA–668, "Loan Agreement and Request for Funds (Deferred Advance)." This amount must correspond with the amount on line 8, Column (2), Part III of Form FHA–643.

(3) *Total farm ownership loan.* The amount of the total Farm Ownership loan will be inserted as item 9A or 9B of Form FHA–491, "County Committee Certification." This amount must correspond with the sum of line 10, Column (1), plus line 8, Column (2), in Part III of Form FHA–643.

(e) *Obtaining obligated deferred advance funds to complete farm development.* (1) When it becomes practicable to proceed with deferred development, it will be necessary to obtain all of the funds which have been obligated on Form FHA–668 (or FSA–668), "Loan Agreement and Request for Funds (Deferred Advance)." In order to have these funds disbursed, the following forms must be prepared and submitted to the State Office in the event the funds for deferred development were obligated subsequent to October 31, 1946:

(i) Form FHA–5, "Loan Voucher."

(ii) Form FHA–190, "Promissory Note".

(iii) Form FHA–476, "Transmittal and Flow Sheet".

(2) In the event the funds for deferred development were obligated on Form FSA–668, "Loan Agreement and Request for Funds (Deferred Advance)," prior to November 1, 1946, Form FSA–FI 5, "Public Voucher," and Form FSA–LE 190, "Promissory Note," will be used in place of the corresponding FHA forms listed above.

(3) The amount to be inserted on Form FHA–5 (or FSA–FI 5) and Form FHA–190 (or FSA–LE 190) must correspond with the amount on line 8, Column (2), Part III of Form FHA–643 (or FSA–643).

(f) *Methods of performing construction and land development.* Construction and land development work will be planned for performance by or under the direction of the borrower, by contract, or by a combination of both methods. The County Supervisor and the Engineer will reach an understanding with the applicant as to the best method to be used in performing construction and land development.

(1) *Work done by or under the director of the borrower.* (i) Generally, the borrower will be expected to perform the construction and land development work which he is qualified to perform and can do without interfering with efficient farming operations.

(ii) Construction and land development work may be performed by or under the direction of the borrower only when (*a*) a careful analysis of his farm and home plan reveals that he can carry on his farming operations and complete the work within the established time limit, and (*b*) he possesses the necessary desire, skill, technical knowledge and managerial ability to complete the work satisfactorily.

(iii) Immediate construction and land development work performed by or under the direction of the borrower will be planned for completion as soon as practicable but not later than 15 months after he occupies his farm as owner.

(2) *Work done by contract.* (i) Except for the construction and land development work to be accomplished by or under the direction of the borrower, all farm development will be done by qualified contractors. Every practicable effort should be made to perform work by contract when this method is applicable. The County Supervisor, upon the recommendation of the Engineer, is authorized to approve plans and contracts for farm development.

(ii) Immediate farm development work performed under contract will be planned for completion as soon as practicable, but not later than 15 months after the borrower occupies his farm as owner.

§ 366.33 *Performing farm development*—(a) *General*—(1) *Methods of performance.* All farm development planned on Form FHA–643, "Farm Development Plan," will be performed (i) by or under the direction of the borrower, (ii) by contract, or (iii) by a combination of the two methods.

(2) *Time limits.* Every effort will be made to complete all immediate development performed by or under the direction of the borrower or by contract within fifteen (15) months after the borrower occupies his farm as owner.

(3) *Time of starting construction and land development.* All farm development will be started as soon as practicable after the loan is closed. Before making commitments or starting any item of farm development, the County Supervisor and the borrower should be reasonably sure that the item can be completed according to plans and specifications and within available funds.

(i) If it appears that any change is necessary in the plans and specifications for any item, the procedure for effecting changes on Form FHA–643 as provided in paragraph (d) of this section, will be followed.

(ii) When the loan is closed, the State Office will notify the Engineer so that he may discharge his responsibilities with respect to the initiation of farm development work as planned on Form FHA–643.

(4) *Real property insurance.* The County Supervisor will be responsible for ascertaining that all structures involving construction, regardless of the method of performance, are adequately insured at the proper time.

(5) *Use of supervised bank account.* The County Supervisor will explain clearly to the borrower the use of the supervised bank account in disbursing funds for farm development.

(6) *Authorized substitute for Engineer.* The State Director, with the advice of the Engineer, if available, is authorized to delegate to any qualified and properly trained Farmers Home Administration employee duties and functions of the Engineer with respect to performing farm development, which other staff members can do or can be trained to do effectively. Whenever the term "Engineer" appears in this section, it shall include his authorized substitute.

(b) *Implementing farm development performed by or under the direction of the borrower.* When Form FHA–643 indicates that farm development is to be performed by or under the direction of the borrower, he will (1) purchase the material and do the work, or (2) purchase the materials and hire labor to do the work under his direction.

(c) *Implementing farm development performed by contract.* Ordinarily, all of the farm development of a single farm to be accomplished by the contract method will be included in a single contract to one contractor. However, in those instances where it is plainly in the best interest of the borrower and the Government, the farm development of a single farm may be split into two or more separate contracts. In other words, separate contracts with respect to one or more planned items of farm development of a single farm may be awarded for materials, labor, or both materials and labor. When separate contracts are used in connection with the development of a single farm, each contract must be awarded to a different contractor. However, this will not prohibit the awarding of another contract to the same contractor for work on the same farm in connection with deferred or subsequently planned development. When Form FHA–643 indicates that farm development is to be performed by contract, the following steps will be taken:

(1) *Preparation of bid docket.* The State Office will notify the Engineer when the loan is approved. Upon receipt of such notice, the Engineer will prepare an appropriate number of bid dockets to be used by bidders. Each docket will contain Form FHA–927, "Invitation for Bid," Form FHA–928, "Bid," Form FHA–296, "Construction Contract," and appropriate technical specifications and drawings. Appropriate entries will be made on Forms FHA–927, FHA–928, and FHA–296.

(i) *Selection of contractor.* Caution should be exercised in the selection of the contractor and no contractor should be awarded more contracts than he can be reasonably expected to perform.

(ii) *Surety bonds.* (*a*) In cases where it has been determined by the Engineer that the provision in Form FHA–296 requiring the contractor to furnish surety bonds will prevent otherwise qualified local contractors from bidding on the work, the Engineer may waive this provision. Modification of the contract to provide for the waiving of surety bond requirements shall be made by crossing out item V "Surety Bonds" of the "General Conditions" and by adding the following notation under item 7 of the contract: "Item V 'Surety Bond' of the 'General Conditions' is deleted from this contract."

(*b*) When a contractor bidding on a contract is required to furnish Form FHA–200, "Performance and Payment Bond," the bond will be obtained from a surety company legally doing business in the state.

(2) *Securing bids.* Each prospective bidder will be supplied with a bid docket, together with appropriate instructions for bidding. The County Supervisor, with the assistance of the Engineer, will secure on Form FHA–928 bids from as many qualified contractors as practicable.

(3) *Bid opening.* Bids will be opened in public at the time and place designated in Form FHA–927, "Invitation for Bid." The borrower and the County Supervisor must be present and, if practicable, the Engineer should be present when the bids are opened and tabulated.

(4) *Awarding the contract.* (i) The award will always be made by the borrower to the lowest responsible bidder after approval by the Engineer, provided:

(*a*) The cost of all items in any category, namely: dwelling, other construction, and land development, does not exceed the estimate made for the same category on Form FHA–643, Part III, by more than ten percent (10%). The ten percent (10%) limitation applies separately to immediate development and to deferred development in each category. If the ten percent (10%) is exceeded, authority shall be required from the State Field Representative before issuing notice to proceed.

(*b*) The total cost of all immediate development items to be performed under the contract does not exceed the total estimated cost of such items as shown on Part I of Form FHA–643.

(ii) If the Engineer is present at the opening of the bids, the award may be made immediately. If the Engineer is not present at the opening of the bids, the County Supervisor will forward all bids, together with his recommendations and the recommendations of the borrower, to the Engineer for review. The Engineer will return the bids together with his written approval, disapproval, or recommendations to the County Supervisor. When, in special cases, the Engineer deems it necessary, he also will prepare Form FHA–296 in an original and four copies. If he deems it advisable he may request the advice of the representative of the Office of the Solicitor relative to the provisions which must be inserted in the forms before forwarding them to the County Supervisor.

(5) *Preparation of Form FHA–296 for signature.* Unless previously prepared by the Engineer, the County Supervisor will prepare an original and four copies of Form FHA–296 after the award has been made. In instances in which the Engineer has authorized the waiver of the requirement with respect to surety bonds and the successful bidder will not be required to furnish such a bond, the County Supervisor will modify Form FHA–296 in accordance with subparagraph (1) (ii) of this paragraph. The County Supervisor will then secure the required signatures of the contractor and the borrower on the original and two copies.

(6) *Distribution of Form FHA–296.* Form FHA–296 will be distributed as follows: The original will be forwarded promptly to the State Office; one signed copy given to the borrower; one signed copy delivered to the contractor; one copy placed in the borrower's field folder; and one copy will be sent to the Engineer.

(7) *Notice to proceed.* After the signatures have been secured on Form FHA–296, the County Supervisor will advise the borrower to issue notice to the contractor to proceed, provided that all requirements of the loan closing instructions have been met.

(8) *Subcontracts.* (i) Contractors will not be permitted to enter into agreements with subcontractors for any farm development work until written consent is received by the County Supervisor from the Engineer. Before approval of any subcontract, the Engineer will determine that the subcontract contains the following provisions: (*a*) The subcontractors will comply with the terms of Form FHA–296 entered into between the contractor and the owner, and (*b*) the contractor will have the same powers regarding the termination of the subcontract as the owner has with respect to Form FHA–296.

(ii) Two copies of the executed subcontract will be furnished the County Supervisor by the contractor. One copy will be submitted to the State Office where it will be placed in the borrower's State Office case file and one copy will be placed in the borrower's County Office case file.

(9) *Pay rolls.* In compliance with the requirements of Form FHA–296 pertaining to the "Kickback Statute," the contractor and any subcontractor will submit each week to the County Supervisor one copy of their pay rolls for the previous week on Form FHA–173A, "Weekly Pay Roll." The statement of compliance with the "Kickback Statute," as stated on the back of Form FHA–173A, must be sworn to by the contractor or subcontractor as the case may be. Each copy of Form FHA–173A thus received will be placed in the borrower's County Office case file.

(d) *Changes in Form FHA–643.* If a subsequent loan is not required, changes in Form FHA–643 may be made at any time at the request of the borrower and with the consent of the State Field Representative or the County Supervisor as hereinafter provided by the use of Form FHA–924, "Request For Development Changes," or Form FHA–925, "Contract Change Order." Form FHA–924 will be used when farm development is performed by or under the direction of the borrower. Form FHA–925 will be used when farm development is performed by contract. (If a subsequent loan is required, see § 367.3 of this chapter.)

(1) *Limitations.* The State Field Representative and the County Supervisor are authorized to approve a change in Form FHA–643, as specified in subparagraphs (2) and (3) of this paragraph, *Provided,* That:

(i) Such a change is for an authorized purpose.

(ii) Such a change has been discussed with and approved in writing by the County Committee in the case of any basic change which substantially affects the method of operation of the farm or the Government's security.

(iii) Such a change does not result in a total investment in the farm in excess of the County Loan Limit, or the fair and reasonable value of the farm as certified by the County Committee on Form FHA–491, "County Committee Certification," whichever is the lesser.

(iv) Sufficient funds have been deposited in the borrowers supervised bank account to cover the contemplated change when the change involves additional funds to be furnished by the borrower.

(v) When the change involves additional funds to be furnished by the borrower which will bring the total investment in the farm above the fair and reasonable value of the farm as previously determined by the County Committee, a revised Form FHA–491 will be required, prepared, and distributed in the regular manner. Such a change may be authorized provided the County Committee finds that:

(*a*) The earning capacity of the farm will support the increased investment.

(*b*) The fair and reasonable value does not exceed the "average value" for the county.

(*c*) The total investment does not exceed the County Loan Limit.

(vi) The recommendation of the Engineer has been secured when a change in work done by or under the direction of the borrower involves technical engineering.

(vii) The recommendation of the Engineer has been secured when there is any change in work done by contract.

(2) *Changes authorized by State Field Representative.* Subject to the limitations set forth in subparagraph (1) of this paragraph, the State Field Representative is authorized to approve changes which involve:

(i) Extension of time to complete work done under contract.

(ii) Extension of time to complete work done by or under the direction of the borrower. Before granting such extensions of time a definite understanding must be reached that the work will be completed within the additional time allotted.

(iii) Changes in method of performing farm development.

(iv) Deletion from Form FHA–643 of planned farm development items found not to be necessary.

(v) Basic changes in the original farm and home plans.

(vi) Transfer of loan funds within or between development categories when the cost of the items in any category exceeds ten percent (10%) of the amount shown on Form FHA–643.

(vii) An increase in cost of planned farm development to be paid from the borrower's own funds.

(3) *Changes authorized by County Supervisor.* Subject to the limitations set forth in subparagraph (1) of this paragraph, the County Supervisor is authorized to approve minor changes in Form FHA–643 which do not require the approval of the State Field Representative. He is also authorized to approve changes which involve transfers of funds as follows:

(i) *Between farm development categories.* Part III of Form FHA–643 establishes three categories of farm development: (1) dwelling, (2) other construction, and (3) land development. Funds may be transferred between these categories to the extent necessary to meet the difference between estimated costs on Form FHA–643 and actual costs: *Provided,* That:

(*a*) No planned item on Form FHA–643 is omitted and no basic changes are made in the farm and home plans upon which the loan was authorized.

(*b*) Such transfers do not result in increasing or decreasing the funds for immediate development in any category more than ten percent (10%).

(ii) *From unexpended service fee.* Ordinarily any unexpended amount of the service fee which will not be needed shall be applied as a refund on a loan. However, any such unexpended amount may be transferred to any one of the three above categories of immediate development to meet the difference between estimated costs on Form FHA–643 and actual costs.

(4) *Preparation of Form FHA–924, "Request for Development Changes," and Form FHA–925, "Contract Change Order"*—(i) *Approval by State Field Representative.* (*a*) Form FHA–924 requiring the approval of the State Field Representative will be prepared in an original and three copies. The original and all copies will be signed as follows: The borrower will sign as requesting the change; the Engineer will sign as recommending the change, if the nature of the change requires his recommendation; the County Supervisor will sign as recommending the change; and the State Field Representative will sign if he approves the change. Form FHA–924 will be distributed as follows: The original will be forwarded to the State Office where it will be placed in the borrower's State Office case file; one copy sent to the Engineer; one copy placed in the borrower's field folder; and one copy will be delivered to the borrower.

(*b*) Form FHA–925 requiring the approval of the State Field Representative will be prepared in an original and four copies. The original and all copies will be signed as follows: The borrower will sign as requesting the change; the contractor will sign as accepting the change; the Engineer will sign as recommending the change; the County Supervisor will sign as recommending the change; and the State Field Representative will sign if he approves the change. Form FHA–925 shall be distributed as follows: The original will be forwarded to the State Office where it will be placed in the borrower's State Office case file; one copy sent to the Engineer; one copy placed in the borrower's field folder; one copy delivered to the borrower; and one copy will be sent to the contractor.

(ii) *Approval by County Supervisor.* (*a*) Form FHA–924 requiring the approval of the County Supervisor will be prepared in an original and two copies. The original and all copies will be signed as follows: The borrower will sign as requesting the change; the Engineer will sign as recommending the change, if the nature of the change requires his recommendation; and the County Supervisor will sign if he approves the change. Form FHA–924 will be distributed as follows: The original will be placed in the borrower's field folder; one copy sent to the Engineer; and one copy will be delivered to the borrower.

(*b*) Form FHA–925 requiring the approval of the County Supervisor will be prepared in an original and four copies. The original and all copies will be signed as follows: The borrower will sign as requesting the change; the contractor will sign as accepting the change; the Engineer will sign as recommending the change, and the County Supervisor will sign if he approves the change. Form FHA–925 will be distributed as follows: The original will be forwarded to the State Office and placed in the borrower's State Office case file; one copy sent to the Engineer; one copy placed in the borrower's field folder; one copy delivered to the borrower; and one copy will be sent to the contractor.

(e) *Inspections*—(1) *Work done by or under the direction of the borrower*—(i) *Periodic inspections.* The County Supervisor will make periodic inspections of all farm development work in progress. After each inspection, the County Supervisor will record in the borrower's field folder, the date the inspection was made, the percentage of work completed, and any other pertinent information. The inspection and acceptance of materials as delivered to the site and the storage of materials will be the responsibility of the borrower. The County Supervisor will advise the borrower of these responsibilities. When construction is involved, the Engineer will also make such additional inspections as the nature and character of the work may require.

(ii) *Final inspections.* The County Supervisor will make a final inspection of immediate development within sixty days after all such development has been completed, provided that no construction item has exceeded a cash cost of five hundred dollars ($500). If any construction item exceeds a cash cost of five hundred dollars ($500), the Engineer will make the final inspection. When all immediate development performed by or under the direction of the borrower has been completed and the Engineer's inspection is required, the County Supervisor will notify the Engineer in writing. At the earliest feasible date, but within sixty days after such notification, the Engineer will make a final inspection of all farm development items not covered by a previous inspection.

(2) *Work done by contract*—(i) *Periodic inspections.* As the work proceeds, the Engineer will make necessary periodic inspections to determine whether construction and/or land development work conforms with plans, specifications, and change orders, and whether the contractor is complying with other provisions of Form FHA–296.

(*a*) When adverse conditions involving plans, specifications, change orders, or labor provisions are found at the time of inspection by the Engineer, he will request the contractor in writing to correct such adverse conditions in conformance with the contract. A copy of this request will be sent to the County Supervisor who will endeavor to have the contractor comply with the Engineer's request. If the County Supervisor cannot secure compliance, he will report the facts to the State Director who will determine the action to be taken.

(*b*) The County Supervisor will make such periodic inspections as he and the Engineer agree upon. After each inspection, the County Supervisor will report his findings to the Engineer in writing and place one copy of the report in the borrower's County Office case file.

(ii) *Final inspections.* (*a*) The Engineer will make a final inspection as soon as possible after the County Supervisor advises him that the contract work has been completed.

(*b*) When a separate contract is awarded for materials only, it will be the responsibility of the Engineer to inspect all material delivered under the contract to ascertain if the material is acceptable as to quantity, grade, and quality. The Engineer will make this final inspection after the County Supervisor has advised him that all deliveries under the contract have been made.

(3) *Use of Form FHA–926, "Certificate of final Inspection".* All final inspections of farm development work performed by or under the direction of the borrower or by contract will be reported on Form FHA–926. The official making the final inspection shall include recommendations for correcting any discrepancies.

(i) Form FHA–926, submitted by the County Supervisor, will be prepared in an original and two copies. The original will be transmitted to the State Office to be placed in the borrower's State Office case file; one copy sent to the Engineer;

and one copy will be placed in the borrower's County Office case file.

(ii) Form FHA–926, submitted by the Engineer, will be prepared in an original and one copy. The original will be transmitted to the State Office to be placed in the borrower's State Office case file; and the copy given to the County Supervisor who will place it in the borrower's County Office case file.

(f) *Payments*—(1) *Work done by or under the direction of the borrower; payment of laborers and material suppliers.* The County Supervisor will encourage borrowers to pay obligations promptly. Payment of bills for labor and materials will be made as soon as practical after the bills are received and will be made by check signed by the borrower and countersigned by the County Supervisor.

(i) The County Supervisor will have in his possession itemized statements from the creditor covering materials furnished and/or labor performed before countersigning checks. Such statements will be signed by the borrower as correct and received. Statements covering labor will show the names of persons hired, dates they worked, number of hours (or days) worked, total hours (or days) worked, rate per hour (or day) and total amount due. The check number and the date of payment will be indicated on all invoices and hired labor statements. These invoices and statements will then be placed in the borrower's County Office case file.

(ii) Whenever the County Supervisor has reason to believe that there may be danger of claims, because of disputes, dissatisfaction or other causes, he will require the borrower to secure one copy of Form FHA–205, "Release by Claimants," before countersigning the check for final payment. The signed Form FHA–205 will be placed in the borrower's County Office case file. It is not necessary to have Form FHA–205 notarized when used in this manner. The State Director, at his discretion, may require the use of Form FHA–205 in all instances.

(2) *Work done by contract.* (i) Payment of contractors: When Form FHA–200 is not used, payment will be made by check signed by the borrower and countersigned by the County Supervisor and in the following manner:

(*a*) In one lump sum for the whole contract after the work is finished, inspected, and accepted. This payment will be made only after the contractor has executed Form FHA–232, (Form Letter—Certificate of Contractor's Release), in which he (*1*) acknowledges payment in full for his services. (*2*) certifies that he has paid for all labor employed and materials purchased by him in performance of his contract, and (*3*) certifies that there are no claims against him because of injuries sustained by his employees. The contractor will attach to Form FHA–232 a completed Form FHA–205, properly notarized. The County Supervisor will then send Form FHA–232 and the notarized Form FHA–205 to the State Office where they will be examined and placed in the borrower's State Office case file.

(*b*) Upon completion of any major item, partial payments may be made up to eighty percent (80%) of the contract price of that item upon final inspection and approval by the Engineer. When this method is used, payment will be made only when the applicable provisions of the previous subparagraph have been met with respect to the completed major item. Form FHA–232 will be signed by the contractor and will indicate only the amount of payment received, which will not be in excess of the eighty percent (80%) permissible. When Form FHA–232 is to be used in this manner, as a receipt for partial payments, it will be rewritten with the necessary changes. Final payment shall be made on all items only after the contractor complies with the requirements of the previous subparagraph.

(*c*) When a separate contract is awarded for the furnishing of materials only, one payment will be made by check signed by the borrower and countersigned by the County Supervisor for the entire amount of the materials contract price. The check for this payment will not be issued until (*1*) the Engineer has reported in writing that he has inspected the material delivered under the contract and finds it acceptable as to quantity, grade, and quality, (2) the borrower has signed the itemized statement of materials as correct and received, and (*3*) the contractor has signed Form FHA–232, and has attached completed Form FHA–205, properly notarized. The County Supervisor will advise the borrower to store properly and care for all materials delivered under the contract.

(ii) When Form FHA–200, "Performance and Payment Bond," is used, partial payments may be made after the Engineer has inspected the work and has indicated in writing that all of the terms of the contract are being complied with. The percentage of completion and the maximum payment will be determined by the Engineer. Final payment will be made to a contractor only when the work is finished, inspected, and accepted by the Engineer, at which time the entire amount will be due and payable. When Form FHA–200 is used, Form FHA–232 will be required of the contractor only to acknowledge payment in full. Form FHA–205 will not be required.

(iii) Circumvention of the above methods of payment through modification of Form FHA–296, "Construction Contract," by inclusion of special conditions, or any other device whatsoever, is expressly prohibited.

PART 368—FARM AND HOME MANAGEMENT

Part 368 is added as follows:

§ 368.71 *Year-end servicing; annual checkout*—(a) *General.* The checkout process with Farm Ownership borrowers is a means of saving time for the County Supervisor and increasing the effectiveness of supervision. The checkout will be carefully planned and executed. Each County Supervisor will prepare for it well in advance.

(1) *Time and scope of checkout.* (i) As soon as possible after the close of the record-book year but not later than February 28, the County Supervisor will meet with the borrower for his annual checkout. The checkout process will include:

(*a*) Checking Form FHA–195, "Farm Family Record Book."

(*b*) Completing Form FHA–528, "Annual Income Return."

(*c*) Analyzing the year's business of the borrower as summarized on Form FHA–528.

(*d*) Completing the borrower's farm and home plan for the new year.

(*e*) Collecting Farm Ownership and Production Loan amounts still to be paid for the year.

(ii) Generally, the borrower's fiscal year will be the calendar year. Since notes are drawn ordinarily on this basis there can be no change in a borrower's fiscal year.

(iii) The record-book year may, however, when circumstances justify, start November 1 or December 1 rather than January 1. It must not start later than January 1. Form FHA–528 will be completed as of the date the record-book is closed. The new Farm and Home Plan will be completed for the following year beginning on the same date.

(iv) A borrower must not be checked out before his record-book year is closed. If it is desired that the checkout start before January 1, the record-book year must be changed accordingly. It must be started either November 1 or December 1. The State Director may decide whether the record-book year will be uniform for all borrowers in a state and all borrowers within a county. Except in states or counties where borrowers start their record-books early, the borrower's fiscal year and the record-book year will be identical.

(v) In changing the record-book year from a year starting January 1 to one starting November 1 or December 1, there will be a short year at the start. Table E of Form FHA–528 will be used to include any crops or livestock properly belonging to the year's business but which were not sold on November 30. In all cases where the record-book is closed and the checkout completed as of some date prior to December 31, all references to December 31 on Form FHA–528 and in this Section will be considered to be the date as of which the record-book was closed.

(2) *Place for checkout.* In order to save the time of the County Supervisor, conferences will be scheduled with individual borrowers at the County Office or at some other place or places to which borrowers may come conveniently.

(b) *Steps required for effective checkout.* The following outline of the steps required for an effective checkout will be observed:

(1) *Advance preparation of Form FHA–528.* The County Office will prepare for the checkout by filling in certain portions of Form FHA–528 in advance.

(2) *Material to be sent to borrower.* The County Office will assemble and send to each borrower, before the old record book is closed, the following material:

(i) Partially filled out Form FHA–528.

(ii) Form FHA–195 for new year.

(iii) A letter of explanation to the borrower instructing him how to get ready for the checkout as indicated in

subparagraph (3) of this paragraph. It will set the date and place for the checkout and will instruct the borrower to bring to the checkout his old and new record-books and the partially filled out Form FHA–528. It will also inform the borrower of the items he should fill out.

(3) *Borrower's preparation.* On the basis of the above instructions from the County Office the borrower will be expected to:

(i) Complete all business transactions and settle all accounts before closing the year's business.

(ii) Complete and summarize the year's record-book.

(iii) Fill out the inventory for the beginning of the year in the new record-book.

(iv) Fill in designated portions of Form FHA–528 in pencil.

(v) Make preliminary Farm and Home Plan in the new record-book.

(vi) Arrange to meet County Supervisor on date set for checkout.

(4) *Checkout with borrower.* At the time of the checkout with the borrower, the County Office will proceed as follows:

(i) Check old record book for completeness and accuracy.

(ii) Check inventory in the new record-book for completeness and accuracy.

(iii) Complete Form FHA–528.

(iv) Secure any additional information required to make appropriate analyses for the annual meeting.

(v) Discuss and analyze the year's business with the borrower.

(vi) Check and complete the Farm and Home Plan in the new record-book and prepare the County Office copy of Form FHA–14, "Farm and Home Plan."

(vii) If possible, complete collection of the Farm Ownership and Production Loans, if any, which are to be paid for the year.

(c) *Collection policy.* The collection policy involves the whole question of wise use of income. The most important decisions in this connection will relate to determining how much of the borrower's net cash income should be used to pay debts, and how much should be used for such things as household furnishings, machinery, livestock, and cash-operating capital. Consideration will also be given to the question of how much of the income to apply to retiring chattel and other old debts and how much to apply to the Farm Ownership debt in order to protect the Government's investment and at the same time keep the farm operating on a sound basis. Subject to the above conditions, the cash income should be used as follows:

(1) First, to pay farm operating and family living expenses, including current operating debts. These should be kept in reasonable control by conformance to approved farm and home plans.

(2) Second, the next priority for the use of cash income is:

(i) *For a Payment Plan I Borrower.* (See § 381.2 of this chapter.)

(*a*) To pay an amount on chattel debts equal to the annual depreciation of the chattels. If the amount due on chattel debts is less than the estimated amount of chattel depreciation, an expenditure may be allowed for new chattels, if needed, in an amount sufficient to make the combined outlay for old debts and new chattels roughly equivalent to chattel depreciation.

(*b*) To pay the scheduled annual installment of principal and interest on his Farm Ownership debt, or to bring the borrower up to schedule when he is behind schedule on such debt.

(ii) *For a Payment Plan II Borrower.* (See § 381.2 of this chapter.) Such a borrower is required by law to keep his Farm Ownership account up to schedule so the same priority cannot be given to the payment of chattel or other old debts as for a Payment Plan I borrower. When funds are available to meet required payments for both the Farm Ownership debt and the amount due on the chattel debts, the borrower will make the payments as required. When the income is not sufficient to make both payments, the funds available will be prorated to the two accounts in proportion to the amounts due, including delinquencies. Application of deficient income in this manner will not relieve a borrower from any Farm Ownership delinquency occasioned thereby.

(3) Third, the remaining income should be used for the following purpose depending on the circumstances of the individual case.

(i) To get the borrower ahead of schedule on his Farm Ownership debt. The aim will be to work toward getting and maintaining the Farm Ownership debt ahead of schedule by larger payments in good years.

(ii) To speed up retirement of the chattel or other old debts.

(iii) To build up cash-operating capital so that less money will have to be borrowed for this purpose.

(iv) To make capital investments that will result in sound and justifiable expansion of operations and improve living conditions.

(4) Other considerations.

(i) Family living and farm operating debts incurred to finance annual operations normally should be repaid each year. If because of crop failure, or other unanticipated developments, funds are not available to pay such debts out of the year's income, they should be given priority of payment the following year as old debts.

(ii) If an operating debt is incurred for production which will not be realized until the following year, is not scheduled for payment until that time and it is carried over as an old debt to be paid the following year when production is realized, it should have the same priority for payment, when due, as other farm operating debts for the year.

(iii) If some foundation or feeder livestock or capital goods have been sold and the income received has been entered as income in Form FHA–528, a compensating amount will be allowed first for the repayment of any debts secured by the chattels and second may be allowed for the purchase of livestock or additional capital goods.

(iv) Consideration should be given to the amount of income allowed for capital goods purchases and also for net debt repayment in previous years. The allowance for the purchase of capital goods and for net debt repayment combined should be sufficient on the average to replace the capital goods. The amount may vary from year to year so long as the investments for replacements plus net debt repayments tend to equal depreciation over a period of years. In good years when the net income is large, it is reasonable to allow a larger amount than during poor years when the net income is small.

(d) *Application of collection policy—*(1) *General.* (i) Final determination of the amount to be paid on the Farm Ownership and other debts is made during the checkout. However, since all or a large part of the collections are usually made before the end of the year, it is necessary to determine in advance of the checkout the approximate amount to be paid. The collection policy, as explained in paragraph (c) of this section, will be the guide when making Farmers Home Administration collections regardless of whether they are made during the year or at the end of the year.

(ii) It is the policy of the Farmers Home Administration to arrive at a mutual understanding with each Farm Ownership borrower at the annual checkout as to the use of the estimated cash income for debt payment during the new year. This understanding will be recorded in the new Farm and Home Plan. The agreed amount, the source of funds, and the approximate date for payment on debts will be shown.

(iii) In the case of a borrower who is not making satisfactory progress in repaying his debts, these estimates of payments should be reviewed just prior to the marketing of the products which represent the borrower's main source of income. When it is obvious that the income has been underestimated or overestimated, the borrower and the County Supervisor will agree on a revised schedule of payments. This revised schedule will be entered in the Farm and Home Plan.

(2) *Collecting debt repayments.* Generally, it will be to the advantage of Farm Ownership borrowers to make repayment on their debts from each major source of income as sales occur. While some Farm Ownership borrowers will be able to live within approved budgets and accumulate funds for debt payment at the end of the year, this is not considered the best policy for most borrowers. Particularly, it is not the best policy in cash crop areas where the prevailing system of settling with tenants has established the custom of debt payments when sales occur. The general policy will be to encourage borrowers to pay their debts as the money becomes available.

(3) *Adjusting for incorrect application of collection policy.* Since most Farmers Home Administration collections are made prior to the checkout and the application of such collections is based on estimated income, the final summary of the year's business on Form FHA–528 may reveal that collections were not applied in accordance with the collection policy. If care is exercised in setting up collection goals and debt payment priorities, it is not probable that discrepancies will be significantly large. If they are

large, compensating adjustments will be made for the next year.

(e) *Form FHA–528, "Annual Income Return"*—(1) *Its uses.* Form FHA–528 serves several important purposes. It is to be filled out for each Farm Ownership borrower following his first full crop year and annually thereafter. Every Farm Ownership borrower should understand it and should learn to fill in designated items on his own return. Following is a summary of the uses of the form:

(i) It provides a convenient summary of the record-book for analyzing the year's business with the borrower.

(ii) It provides a basis for good farm and home planning.

(ii) It provides the basis for deciding the annual payments and serves as a billing for all Farm Ownership borrowers.

(iv) It supplies source material for use at annual meetings of Farm Ownership borrowers.

(v) It supplies information needed by County Committees in reviewing the progress made by borrowers.

(vi) It supplies source material for the Farm Ownership borrowers' annual progress report and other studies.

(vii) It supplies the information needed by Farmers Home Administration officials when checking and analyzing the status and progress of individual Farm Ownership borrowers.

(viii) It supplies information needed in liquidating Farm Ownership farms.

(ix) It supplies information required by borrowers in the preparation of income tax returns.

(2) *Collecting balance due.* If any portion of the amount to be paid by the borrower has not been collected, the County Supervisor will collect it at the time of the checkout, if possible. In any event, all collections from the year's business will be made by March 15 of each year so that they will be reflected on the Form FHA–677, "Schedule Status of Farm Ownership Borrowers," prepared by the Area Finance Office as of March 31.

(3) *Action in case of disagreement.* If a Payment Plan I borrower disagrees with the County Supervisor as to the amount to be paid or a Payment Plan II variable payment borrower disagrees as to whether it has been a "normal or above-normal" or a "below-normal" year, the matter will be referred to the County Committee which will study the case and recommend to the State Director the amount it believes the borrower should pay. This recommendation will be submitted in a separate memorandum signed by at least two memmers of the County Committee. The State Director will make the final determination and advise the County Supervisor.

Subchapter H—Production and Subsistence

PART 373—PRODUCTION AND SUBSISTENCE LOANS

Section 373.12 *Policies* in Chapter III of Title 6, Code of Federal Regulations (6 CFR, Supp. 1946, Chapter III, Subchapter H), is amended to read as follows:

§ 373.12 *Policies*—(a) *General.* (1) Title II of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers Home Administration Act of 1946, authorizes the making of Production and Subsistence loans to eligible farmers and stockmen for the financing of farm and home needs. The program authorized under this law will consist of credit, and when required, supervision or guidance in farm and home operations. The extent or degree of "on-the-farm" supervision will vary with the needs of the family for assistance in improving the farm and home operations as a means of enabling it to meet better the loan obligations to the Farmers Home Administration.

(2) The Production and Subsistence loan program is designed:

(i) To provide credit to farmers on an annual basis for the production of cash crops or for the purchase or growing of feed for productive livestock or livestock being fed for market.

(ii) To provide credit to farmers when adjustments may be needed in their farm and home operations to place such operations on a sound basis. Such credit will be based on a sound Farm and Home Plan developed with the family and supplemented by such supervision of the farm and home operations as is necessary to assist the family in carrying on successfully the planned operations.

(b) *Eligibility requirements for production and subsistence loans*—(1) *Who is eligible.* Farmers and stockmen, who are citizens of the United States and who are operators of farms which are not larger than family-type farms, are eligible to receive Production and Subsistence loans, provided sufficient credit to finance the actual needs of the applicant is not available to him at the rates (but not exceeding the rate of 5 per centum per annum) and terms for loans of similar size and character prevailing in or near the community where the applicant resides.

(i) "Farmers" and "stockmen," as used herein, are defined as individuals who derive a major portion of their income from farming or stock-raising and spend the major portion of their time in carrying on farming or stockraising operations. This will include individuals who, for special reasons, may not have farmed in the last few years, but whose background and normal means of livelihood in the past have been farming or stock-raising. Payments to veterans for pensionable disabilities will not be considered as income in determining eligibility under this definition of "farmers" or "stockmen."

(2) *Certification by applicant.* Before an application (initial or subsequent) can be considered, the applicant must certify in writing on Form FHA–49, "Certifications—Production and Subsistence Loans," that sufficient credit to meet his needs is not available to him at the rates (but not exceeding the rate of 5 per centum per annum) and terms for loans of similar size and character prevailing in or near the community where the applicant resides.

(3) *Certification by County Committee.* No Production and Subsistence loan (initial or subsequent) may be made unless the County Committee certifies in writing on Form FHA–49 that:

(i) The applicant is eligible for a loan under the requirements prescribed in subparagraph (1) of this paragraph.

(ii) The applicant, in the opinion of the County Committee, will endeavor honestly to carry out the undertakings and obligations required of him under a loan. Any evidence in the records of the Farmers Home Administration that an applicant has not acted in good faith with respect to loan transactions formerly under the jurisdiction of the Emergency Crop and Feed Loan Division of the Farm Credit Administration or the Farm Security Administration will be made available to the County Committee for its use in determining whether the required certification with respect to such applicant will be made.

(4) *Administrative determination.* All certifications by County Committees that applicants are eligible to receive loans are subject to administrative review and final determination. The loan approval official is hereby authorized and directed to determine administratively whether an applicant certified by the County Committee is eligible to receive a loan. In making such determination, the loan approval official will take into consideration the certifications of the applicant and of the County Committee and other pertinent information. the applicant will not be required to submit written rejections from other credit sources except in borderline cases when required by the County Committee or loan approval official. Such written rejections may be obtained on Form FHA–54, "Credit Notice."

(c) *Purposes for which loans may be made.* Production and Subsistence loans may be made for the following purposes only:

(1) To purchase necessary livestock, farm equipment and farm equipment repairs, seed, feed, fertilizer, lime, farm supplies, and other farm needs including the acquisition of memberships in farm purchasing and marketing and farm-service type cooperative associations. These purposes do not include the purchase of passenger automobiles, memberships in production cooperatives, or memberships for the purpose of establishing control by the Farmers Home Administration in any type of cooperatives.

(2) To pay for necessary hired farm labor during peak seasons or periods of emergency and for necessary custom work or services.

(3) To pay debts secured by liens on chattels (livestock or farm equipment) essential to the applicant's farming operations, and to pay cash rent, where no other satisfactory rental arrangement can be effected, for not more than one year in advance: *Provided,* (i) The applicant is obligated under a written lease to pay the amount to be advanced for such purpose, and (ii) the terms of the lease provide the applicant with reasonably secure and satisfactory tenure.

(4) To erect necessary minor buildings or to make necessary minor repairs or improvements to real estate, provided the total advance to an applicant for

such items is not in excess of $100 for any twelve months' period beginning with the date of the first advance for any such purpose.

(5) To pay taxes and insurance premiums on property or insurance policies serving as security for Farmers Home Administration loans.

(6) To purchase essential home equipment and home equipment repairs required by the applicant family to sustain itself on the farm in a reasonably satisfactory manner.

(7) To meet family subsistence needs, including expenses for medical care.

(d) *Terms of loans.* (1) Interest will be charged at the rate of 5 percent per annum on all Production and Subsistence loans. Interest will accrue on outstanding principal only and will not be compounded.

(2) Repayments of principal on Production and Subsistence loans based on Farm and Home Plans will be scheduled at least once each twelve-month period during the life of the loans in accordance with the folowing policies:

(i) Advances for recurring expenses will be scheduled for repayment when the principal income from the year's operations normally would be received.

(ii) Advances to purchase or produce feed for productive livestock or livestock to be fed for the market will be scheduled for repayment when the principal income from the sale of such livestock or livestock products normally can be expected.

(iii) Advances for purposes other than those enumerated in subdivisions (i) and (ii) of this subparagraph, will be scheduled for repayment in at least annual installments for the minimum period consistent with the applicant's ability to pay, as determined from an analysis of the farm and home operations. In no instance may the repayment schedule extend beyond the useful life of the security offered for the advance or beyond five years from the date the advance is made, whichever is the lesser.

(3) Annual Production and Subsistence loans, authorized in paragraph (g) of this section, will be scheduled for repayment when the principal income normally would be received. In no case may they exceed a period of 12 months from the date of the advance, except: loans made to purchase or produce feed for livestock being fed for the market, or for productive livestock may extend to 15 months, provided the first installment is scheduled for payment within 12 months.

(e) *Security policies.* Production and Subsistence loans will be secured for the full amount of the loan by a first lien on all livestock and equipment purchased or refinanced with proceeds of the loan and by a lien on the crops growing or to be grown by the applicant subject only to the landlord's interest in the crops for rent for the crop year for which the loan is made.

(1) When a loan (either annual or adjustment) is made to a nonowner operator, in states in which the landlord acquires by statute a lien on crops or personal property for advances made, supplies furnished or for rent, or if the landlord has acquired such interest by lease or contract, the landlord will be required to subordinate in favor of the Government any interest he now has or may acquire in the livestock, farm equipment and crops of the applicant resulting from advances made, supplies furnished, or for rent, except his interest in the crops for rent for the crop year for which the loan is made. State Directors, with the advice of the Representative of the Office of the Solicitor, will inform County Supervisors on a state basis in those states in which it is necessary because of State Statutes to obtain landlord's subordinations under the policy expressed above.

(2) Loans made to purchase or produce feed for livestock being fed for market or to be fed to productive livestock, other than those used for subsistence purposes, also must be secured by first liens on such livestock.

(3) Loans may be further secured by the best lien obtainable on as much of the livestock and farm equipment of security value owned by the applicant at the time the loan is made as is necessary to protect the interest of the Government. Generally, the livestock and farm equipment owned by the applicant will not be used as security for annual loans made only for the production of cash crops. Normally, loans for this purpose will be secured by crop liens only.

(4) Assignments of proceeds from crop insurance policies or from the sale of agricultural products may be taken as additional security for any loan when necessary to protect the interest of the Government. Agricultural Conservation Program assignments will not be taken as security.

(5) Farm and home equipment purchased with loan funds to the total value of $25 or less per loan may be omitted from security instruments.

(6) Reports of lien searches to determine that the Government will receive the required security are required to be made in all cases at the time funds are advanced.

(f) *Loan limitations and requirements.* The following loan requirements and limitations will be observed in making Production and Subsistence Loans.

(1) The amount of each loan will be limited to the needs of the applicant and his ability to repay, *Provided:*

(i) No initial loan may be made in excess of $3,500.

(ii) Not more than $3,500 may be advanced to a borrower during any one fiscal year.

(iii) No loan may be made that will result in a borrower's becoming indebted in excess of $5,000 for Production and Subsistence loans, Rural Rehabilitation loans (including advances from State Rural Rehabilitation Corporation Trust funds, but excluding Farm Development loans made from Rural Rehabilitation and State Rural Rehabilitation Corporation Trust Funds) and Emergency Crop and Feed loans or any combination of such loans. This maximum limit will include principal and interest and other charges in connection with any such loans paid by the Government and charged to the account of the borrower.

(2) No loan may be made to an applicant, who has been indebted continuously for Production and Subsistence loans for five consecutive years, until all of his indebtedness under such loans has been paid in full.

(3) An applicant who is still indebted on August 14, 1951, for Rural Rehabilitation (including advances from State Rural Rehabilitation Corporation Trust funds, but excluding Farm Development loans made from Rural Rehabilitation and State Rural Rehabilitation Corporation Trust funds) and Emergency Crop and Feed loans will not be eligible to receive Production and Subsistence loans thereafter until all indebtedness under such Rural Rehabilitation, Emergency Crop and Feed and Production and Subsistence loans have been paid in full.

(4) Subject to other applicable requirements and limitations, Production and Subsistence loans may be made to applicants who have been indebted continuously for the last five years or longer for Rural Rehabilitation loans (including advances from State Rural Rehabilitation Corporation Trust funds, but excluding Farm Development loans made from Rural Rehabilitation and State Rural Rehabilitation Corporation Trust Funds) and Emergency Crop and Feed loans, only:

(i) When the County Committee reviews the present circumstances of the applicant, certifies that the applicant is eligible, and recommends in writing that a loan be made; and

(ii) When the loan approval official determines that an additional loan will improve the applicant's position and will not jeopardize the Government's chances of collecting the entire indebtedness owed by the applicant.

(5) Before Production and Subsistence loans are made, applicants will be required to make satisfactory arrangements for the use of sufficient land of the quality and condition necessary for carrying on the type of farming intended on a sound and practical basis. When loans are to be made to nonowner operators it must be determined that the amount of the rent is reasonable. In such cases the applicants should, whenever possible, obtain satisfactory written leases covering at least the periods of the loans for the farms to be operated.

(6) No loan may be made to a corporation or a cooperative association.

(7) A joint loan may be made to husband and wife, mother and son, or father and son, living together as a family and operating jointly the same farm unit. No other joint loans may be made, provided, however, nothing in this section will prohibit the taking of additional security in the form of a co-maker on a promissory note in connection with a loan to an individual. However, separate loans may be made to eligible individuals who are engaged jointly in farming, *Provided:* (i) Not more than two individuals are interested in the operations; (ii) the security requirements contained in paragraph (e) of this section are met; and (iii) the total of the loans to both individuals does not exceed the loan limitations for an individual. If a loan is made only to one such individual, the other will be required to execute a subordination as to his interest in all security. However, if a loan is

made to each of the two individuals, the security instruments for each loan will be executed by both.

(g) *Making annual loans.* Annual loans may be made for any authorized purpose to eligible applicants whose primary needs are seasonal or emergency credit, or those who are unable to obtain the necessary resources and who lack the ability to make effective use of adjustment loans.

(1) Before an annual loan is made, the loan approval official will determine that: (i) The loan can be repaid within a period not to exceed 12 months (except that loans to grow or purchase feed for livestock being fed for market or for productive livestock be repaid as provided in paragraph (d) (3) of this section) without jeopardizing the applicant's future operations; (ii) the amount of the loan and the purposes for which the funds are to be used are consistent with the applicant's needs for the year; (iii) the applicant has made adequate provision for meeting all necessary farm and home expenses, either through the loan or other sources; and (iv) the estimated income from which the loan will be paid is sufficient for that purpose and to provide a reasonably safe margin above the amount required for that purpose, recognizing production hazards and price fluctuations .

(2) These foregoing determinations will be based upon an analysis of the applicant's resources, farming experience and ability, debt repayment history, and proposed operations. Current and reliable information regarding the past record of the applicant, the quality of farming operations carried on by him and the productivity of the farm to be operated must be available as a basis for making this analysis. A visit to the farm before the loan is approved is required in order to obtain this information unless the County Supervisor can obtain it without going to the farm, or unless it can be furnished by a member of the County Committee.

(h) *Making adjustment loans.* Adjustment loans may be made for any authorized purpose to eligible applicants: whose primary needs are credit and guidance in making the adjustment and improvements necessary for successful farm and home operations; who have or can acquire the necessary resources for making such adjustments and improvements; and, who have or who through proper guidance can develop the abilities needed to carry out successful farm and home operations.

(1) Before an adjustment loan is made, the loan approval official will determine that:

(i) The applicant has satisfactory tenure arrangements.

(ii) The Farm and Home Plans provide for proper organization of the farm business.

(iii) The farm and home improvements and practices essential to successful operations are planned.

(iv) The planned farming operations are financially sound.

(v) The amount of the loan and the purposes for which the funds are to be used are consistent with the family's needs.

(vi) The loan can be repaid in accordance with the provisions of paragraph (d) of this section.

(2) The foregoing determinations will be based upon an analysis of the applicant's resources, farming experience and ability, debt repayment history, and a sound Farm and Home Plan.

Subchapter I—Accounting Servicing

PART 381—ROUTINE

Part 381 is added as follows:

§ 381.1 *Servicing operating loans; county office routine*—(a) *General*—(1) *Policy.* Borrowers will be required to repay their debts to the Farmers Home Administration in accordance with their ability to pay and will be encouraged to pay ahead of schedule to the extent possible. Borrowers who have acted in good faith and have exercised due diligence in an effort to repay their indebtedness but cannot pay on schedule because of circumstances beyond their control will receive due consideration in future servicing actions.

(2) *Responsibility.* Under the general guidance and supervision of State Office officials, County Supervisors are responsible for servicing all loans and accounts administered by the Farmers Home Administration.

(b) *Servicing operating loans to individuals*—(1) *Adjustment loans and water facilities loans of active borrowers.* The foundation for proper and timely repayments of such loans is sound farm and home planning, supplemented by effective follow-up supervision as needed. Loan servicing activities, therefore, begin at the time the original plan is made and are an integral part of planning and follow-up supervision in connection with such loans.

(2) *Annual loans of active borrowers.* Servicing of annual loans begins with the making of such loans and includes, among other things, letters and loan servicing visits to farms.

(3) *Accounts of collection-only borrowers.* Collection-only borrowers are expected to make final settlements of their debts to the Farmers Home Administration as rapidly as possible. This objective will be accomplished by collecting the amounts owed by these borrowers to the extent of their ability to pay and by the proper application of the established policies governing debt adjustment. County Supervisors are responsible for the development of a plan for the systematic servicing of these cases.

(c) *Notifying operating loan borrowers of amount due.* County Supervisors will notify borrowers on Form FHA–137, "Request for Payment," of payments which should be made or of amounts due or about to become due on their loans. These notices will be timed to reach borrowers immediately prior to the receipt of income from which payment should be made.

(d) *Accounting differences*—(1) *Overpayments and refunds.* (i) If, after all principal and interest indebtedness of a borrower has been repaid, there is an additional amount identifiable as "excess" for credit to the borrower, the Area Finance Office will refund the amount due the borrower. The refund check will be mailed to the borrower in care of the County Supervisor who will examine his records to see that the refund is due before delivering the check.

(ii) If a borrower believes he has made an overpayment and requests refund, such request must be in writing.

(2) *Changes in application of repayments.* Any request for a change in the application of a repayment will be made on Form FHA–238, "Request for Change in Application," prepared in an original and one copy. The original will be signed by the County Supervisor and forwarded to the Area Finance Office, and the copy retained in the County Office. Such requests must conform to the rules of application set forth in § 382.1 of this chapter.

(e) *Change of borrower's address and transfer of loan records*—(1) *Policy.* (i) County Supervisors are responsible for maintaining correct addresses of all borrowers whose loan records are under their jurisdiction.

(ii) When a borrower is moving to a new location and intends to move security property, he is required to apply for permission to move such property.

(iii) Any special problems arising from a borrower moving to a new location, such as servicing of real estate security or chattel security affixed to real estate will be referred to the State Office.

(iv) When a borrower moves to a new location, prompt liquidation will be required of any chattel security property remaining at the old location, in accordance with established policies. The County Supervisor in charge of the program where the property is located will be responsible for the liquidation of the security property.

(v) The receiving County Supervisor will institute appropriate loan servicing action and will have the old security instruments recorded or filed immediately or will obtain new instruments, whichever is required. The State Director, with approval of the Representative of the Office of the Solicitor, will issue instructions supplementing this paragraph relative to the legal requirements in the state regarding the taking of new security and the recording of existing security instruments for moves within a county, moves between counties served by the same State Office, and moves into the State.

(vi) When a borrower whose total indebtedness is $10 or less moves to a new location, the case will not be transferred if the amount due is to be canceled under paragraph (f) (1) (i) in § 386.1 of this chapter. In such cases, immediate cancellation action will be initiated.

(vii) When a borrower has made application for a compromise or cancellation of his indebtedness under the provisions of § 386.1 of this chapter and moves to a new location the case will not be transferred unless the application for compromise or cancellation is rejected.

(viii) When an application for a compromise or cancellation is received during the process of verifying the new address, the receiving County Supervisor will assist the borrower in preparing Form FHA–858, "Application for Settlement of

Indebtedness," and will forward it to the transferring County Supervisor with his recommendation. Such case will not be transferred unless the application for compromise or cancellation is rejected.

(2) *Authorities.* County Supervisors are authorized to approve applications for moves of security property in accordance with the policies and procedures contained in this section.

(3) *Preparation and distribution of Form FHA–544, "Application to Move Security Property and Verification of Address".* When the borrower makes application to move security property he will complete Section A, Part II, "Application to Move Security Property".

(f) *Application of remittances to specific notes within loan-type accounts.* County Supervisors are authorized to apply repayments to specific notes within loan-type accounts according to the rules of application prescribed in § 382.1 of this chapter when the need for such application arises. Form FHA–690, "Statement of Application of Remittances", will be used for this purpose.

(g) *Fully paid operating loans*—(1) *Surrender of notes.* When a note (or loan-type account) has been paid in full, the Area Finance Office will prepare Form FHA–597, "Notice of Fully Paid Notes," attach the note(s) stamped with a paid-in-full legend, and mail to the County Office. Form FHA–597 will be filed in the borrower's case file in the County Office. The County Supervisor will examine the borrower's records in the County Office and satisfy himself that the account has been paid in full before delivering the note(s) to the borrower. The note(s) will be returned to the borrower immediately except:

(i) When the final payment is made in a form other than currency, Treasury check, cashier's check, postal notes or money orders, the note(s) will not be surrendered until thirty days after the date of final payment, and

(ii) When the notes are needed in making marginal releases or satisfactions of security instruments, the notes will be held until the instruments are to be satisfied.

(2) *Surrender of notes to effect collection.* (i) In individual cases, State Directors are authorized to request the Area Finance Offices in writing to furnish County Supervisors with promissory notes, together with a statement of the amount due under such notes, when the surrender of the notes is necessary to effect final collection.

(ii) County Supervisors are authorized to surrender notes to borrowers in such cases when final payments of the amounts due are made in the form of currency, Treasury check, cashier's check, postal note or money order.

§ 381.2 *Servicing Farm Ownership loans, except insured loans; county office routine*—(a) *General.* This section describes the payment plans for the repayment of Farm Ownership loans, except insured loans; provides procedures for maintaining Farm Ownership accounts in the County Office; for reamortizing Farm Ownership loans; and for processing fully paid Farm Ownership loans.

(b) *Definitions.* Definitions of "regular payments," "extra payments," and "refunds" are contained in § 382.1 of this chapter.

(1) *Schedule status.* A borrower will be "on schedule" when his cumulative regular payments through the last March 31, minus the amounts he has prepaid on that date, are equal to the accumulated annual installments due through the same date, as provided in his promissory note(s). A borrower will be "ahead of schedule" or "behind schedule," respectively, when such payments are greater than or less than such accumulated annual installments. The term "advance payments," as used in his promissory note(s) is synonymous with the term "payments ahead of schedule."

(2) *Maturity status.* A borrower will be "current" when his cumulative regular payments through the last March 31 are equal to the accumulated amounts matured. A borrower will be "prepaid" or "delinquent," respectively, when such payments are greater than or less than such accumulated amounts matured.

(c) *Farm Ownership payment plans.* Farm Ownership loans will be repaid in accordance with Payment Plan I or Payment Plan II, as described below:

(1) *Payment Plan I.* Payment Plan I applies to each Farm Ownership borrower whose loan was approved prior to November 1, 1946, who signed Form FSA–LE 228, "Variable Payment Agreement," and who has not transferred to Payment Plan II. Payment Plan I provides that the amount to be matured each year will be determined on Form FHA–528, "Annual Income Return," by the County Supervisor on the basis of the borrower's ability to pay.

(2) *Payment Plan II.* (i) Payment Plan II applies (1) to all fixed payment borrowers except fixed payment borrowers whose loans were approved after October 31, 1946; (2) to variable payment borrowers whose loans were approved subsequent to October 31, 1946; and (3) to all borrowers who have signed Form FHA–165, "Variable-Payment Agreement." The provisions of Payment Plan II are contained in Form FHA–190, "Promissory Note," and in Form FHA–165. Payment Plan II provides that:

(*a*) The County Supervisor will determine on Form FHA–528 each year whether the borrower's income for the year was (*1*) "normal or above normal"; or (*2*) "below normal."

(*b*) A borrower may get ahead of schedule by making "advance payments" at any time. He may later, in a year of "below normal" income, employ such "advance payments" to reduce his annual installment.

(*c*) At least one scheduled annual installment will be due each year of "normal or above normal" income.

(ii) A fixed payment borrower may continue to make fixed payments. However, he also may make "advance payments," if desired, and except for a fixed payment borrower whose loan was approved after October 31, 1946, may later employ such "advance payments" to reduce his scheduled annual installment in a year of "below normal" income. The County Supervisor, therefore, will maintain the account of such fixed payment borrower in the same manner as he does for other borrowers under Payment Plan II. The account of a fixed payment borrower whose loan was approved after October 31, 1946, will be kept strictly in accordance with the repayment schedule in the note(s).

(3) *Transfer from Payment Plan I to Payment Plan II.* (i) A borrower operating under Payment Plan I may transfer voluntarily to Payment Plan II by signing Form FHA–165, "Variable-Payment Agreement," although it ordinarily will not be to his advantage to do so. However, a borrower operating under Payment Plan II will not be permitted to transfer to Payment Plan I.

(ii) The State Director is authorized to transfer a borrower under Payment Plan I to the fixed payment basis under Payment Plan II, as provided in Form FSA–LE 228, "Variable Payment Agreement." Written notice of a compulsory transfer from Payment Plan I to the fixed payment basis under Payment Plan II will be sent to the borrower by the State Director.

(d) *Reamortizing farm ownership loans.* (1) The State Director will request the Area Finance Office to calculate a revised reamortization schedule for a Farm Ownership borrower when:

(i) A Payment Plan I borrower is transferred to the fixed payment basis under Payment Plan II in those exceptional cases where immediate foreclosure proceedings are not to be recommended.

(ii) A borrower, who is not behind schedule, has made extra payments and refunds totaling $500 or more, and requests that a revised amortization schedule be calculated. The date on which the first installment under the reamortization will become due will be determined on the basis of whether or not the borrower had paid his current annual installment. If this installment has been paid, the date will be the end of the borrower's succeeding fiscal year. If the current installment has not been paid, the date will be the end of the borrower's current fiscal year.

(2) The Area Finance Office will calculate a revised amortization schedule according to the following principles:

(i) In those cases described under subparagraph (1) (i) of this paragraph, the unpaid principal and interest thereon at the rate specified in the note(s) will be reamortized so as to retire the debt in equal annual installments from the date of reamortization to the maturity date of the note(s). For the purpose of determining the annual installment, the unpaid accrued interest as of the date of reamortization will be divided into the same number of equal annual installments. The new annual installment will be the sum of the two aforementioned annual installments. Each payment on such reamortized accounts, however, will be applied first to all interest matured, including any unpaid accrued interest as of the date of reamortization, and second to principal.

(ii) In those cases described in subparagraph (1) (ii) of this paragraph, the remaining amount due at the time of

reamortization will be reamortized within the remaining period of the note(s) and with interest at the rate(s) specified in the note(s).

(3) As of the date of reamortization, a borrower will be "on schedule."

(4) When a revised amortization has been calculated, the Area Finance Office will make the necessary notation on the back of the original note(s) and will notify the State Director of such change. The State Office will advise the County Supervisor to make the necessary notation on the back of his copy of the note(s) and to notify the borrower of the change. It will not be necessary to obtain a new note(s) or to change the face value of the original note(s).

(e) *Processing fully paid Farm Ownership loans*—(1) *Authorization.* The State Director is authorized to accept final payment on a Farm Ownership loan and to execute the necessary releases and satisfactions.

(2) *Submitting application to State Director.* When a Farm Ownership borrower has indicated his desire to pay a loan in full, before five years have elapsed from the date of the initial note, the County Supervisor will advise the State Director, by letter, of the borrower's desire. (This will not be necessary if payment is to be made from the proceeds of a sale of the farm which has been previously approved by the National Office or the State Director). The source of funds from which the payment is to be made will be indicated in the letter which will also state whether the borrower is to remain on the farm and continue farming operations, or, if not, whether the property will continue to be operated as a family-type farm. If the State Director approves the acceptance of final payment, he will so advise the County Supervisor.

(3) *Determining balance to collect.* When a borrower indicates his desire to pay his loan in full, the County Supervisor will request the Area Finance Office, by letter, to inform him of the unpaid balance of principal and interest on the borrower's Farm Ownership account, as of the approximate date the borrower expects to make payment, and the daily accrual of interest thereafter. In this letter, he will identify the last Farm Ownership collection received from the borrower by stating the date, amount, and the number of the last Form FHA–37, "Receipt for Payment." If payment is made from the proceeds of a sale of a farm, satisfactory arrangements should be made with respect to any other debts which the borrower may owe to the Farmers Home Administration.

(4) *Preparation of receipt.* Final payment of the account will be indicated on Form FHA–37, "Receipt for Payment," by marking it "paid-in-full" and by indicating "source of Funds."

(5) *Satisfactions.* Upon receipt of Form FHA–597 and the stamped note(s), "Abstract of Title", and "satisfaction" from the State Office, the County Supervisor will place the Form FHA–597 in the borrower's County Office case file and will deliver the stamped note(s) and the "Abstract of Title" to the borrower. The original satisfaction will be delivered to the borrower for recording or filing, if desired, and the copy will be retained in the borrower's County Office case file.

§ 381.3 *Servicing cooperative loans to associations*—(a) *Purpose and scope.* This section prescribes the policies, authorities, responsibilities and procedures for loan servicing and supervision of all active cooperative associations. Active cooperative associations, hereinafter referred to as "associations," include water facility associations and all other cooperative associations inbedted to the Government for direct loans which have not been approved for liquidation.

(b) *General policies.* (1) Associations are expected to place all phases of their operations on a sound basis, and to manage their own affairs with a minimum of technical advice and guidance from the Farmers Home Administration.

(2) Servicing of association loans will be directed toward the repayment of loans on schedule and obtaining compliance with all provisions of the loan agreements, notes and security instruments. Associations will be encouraged to prepay their indebtedness to the Government when possible.

(3) When technical services related to operations, accounting and membership relations are available through other Government agencies, regional cooperative organizations, or other independent sources, associations will be expected to use such services and will be directed to them.

(4) Personnel of the Farmers Home Administration will not perform any of the following functions or services for borrower associations: (i) Serve as officials; (ii) perform any administrative or employee functions with respect to any phases of the business; (iii) perform clerical services, maintain financial or other records, prepare financial reports or develop operating budgets for the associations. This will not prohibit the necessary training of association Boards of Directors, committees and employees in the performance of their respective duties or the exercise of official duties by Farmers Home Administration employees specifically authorized in individual cases for the protection of the Government's financial interests.

(5) Associations in default and not operating on a sound basis, which after careful analysis do not evidence prospects of attaining future successful operations within a reasonable time, will be liquidated in an orderly and businesslike manner in accordance with authorizations and instructions issued by the National Office in individual cases.

(c) *Authorities.* (1) Subject to the provisions of this section and the approval of the Representative of the Office of the Solicitor as to legal sufficiency, State Directors are hereby authorized to perform the following functions when it is determined that such action will not be to the detriment of the Government:

(i) Approve annual budgets submitted by associations.

(ii) Approve requests from associations to extend credit to patrons.

(iii) Require additional security when it is determined that existing security is inadequate.

(iv) Require associations to carry insurance of the types and amounts determined necessary on property mortgaged to the Government.

(v) Require associations to provide adequate bond coverage on officials and employees handling a substantial amount of cash or property.

(vi) When required by the loan agreement: approve the general manager appointed by an association and the amount of his salary; approve the discharge of a manager upon request of the association; and request the association to discharge its manager when such action is deemed necessary to protect the Government's interest.

(vii) Approve requests from associations for revision of existing charters and by-laws.

(viii) Inform associations of the conditions under which the Government will release liens on mortgaged property to be sold or exchanged and after sale or exchange release such property from lien instruments held by the Government, *Provided:*

(*a*) The sale or exchange of the property will not impair future successful operations.

(*b*) The security is sold for cash at not less than its current fair market value and the proceeds are remitted to the Government for application on the association's indebtedness; or, the exchange will result in the Government obtaining other security property or cash or both, which is equivalent to the fair market value of the property exchanged.

(ix) Approved requests from associations to purchase stock or other securities or become a member of any other corporation or association when the benefits to be derived therefrom are commensurate with the investment.

(x) Approve requests from associations for the distribution of cash dividends or patronage refunds.

(xi) Approved requests from associations for voluntary dissolution and liquidation of assets when it is determined that the sale of the association's assets will retire in full its indebtedness to the Government.

(xii) Appoint a supervisor to act as the Government's representative, if provision is made therefor in the loan agreement, when:

(*a*) The association has failed to comply with the terms and conditions of the loan agreement and such failure has jeopardized seriously the Government's interest or in all probability will do so.

(*b*) Other methods of securing voluntary compliance with the loan agreement have failed.

(xiii) Approved requests from associations for construction or for the acquisition of construction materials and equipment involving major improvements and repairs.

(xiv) Approved requests from associations to borrow funds or contract liabilities outside the regular and usual course of business.

(xv) Renew existing security instruments.

(2) All requests or applications from associations which the State Director is not authorized to approve will be referred to the National Office together

with the State Director's recommendations. These will include, among others, the following:

(i) To renew or amend the terms or conditions of existing notes or loan agreements.

(ii) To modify the requirements for setting aside funds or collecting retains for application on the association's indebtedness to the Government.

(iii) To merge or consolidate with another organization.

(iv) To transfer any assets to another organization except in the regular and usual course of business.

(v) To voluntarily dissolve an association and liquidate its assets when it is determined that the proceeds of sale will not retire in full the association's obligation to the Government.

(d) *Responsibilities.* (1) County Supervisors are responsible for:

(i) Informing associations of their obligations to the Government under existing loan agreements, notes and security instruments.

(ii) Informing associations of the types and frequency of report requirements under paragraph (e) of this section.

(iii) Prompt collection of association loan obligations to the Government and servicing security for such loans as required by this section.

(iv) Securing compliance by the association of other terms and conditions of its agreements with the Government.

(v) Reporting to State Directors promptly the failure of any association to comply with the terms and conditions of its agreements after such non-compliance has been brought to the attention of the association and has not been corrected.

(vi) Furnishing such training and technical guidance, not readily available through other sources, to associations as is required for protecting the Government's interests. This training and guidance may relate to business operations, personnel training, membership activities or any other phase which vitally affects such association's operations and the Government's interest.

(vii) Attending the annual meeting and, as necessary, other membership or directors meetings of associations in the capacity of technical adviser.

(2) State Field Representatives are responsible for:

(i) Providing County Supervisors with technical guidance, training, and follow-up supervision as needed.

(ii) Administrative follow-up to ascertain that County Supervisors carry out their responsibilities as prescribed in this section.

(iii) Consulting with and, if necessary, arranging for the assistance of State Office personnel on special training and problems of cooperative associations.

(3) State Directors are responsible for:

(i) Coordinating and directing loan servicing and supervisory activities relating to associations under their jurisdiction and performing other functions as prescribed by this section.

(ii) Establishing a record system in such manner as deemed advisable for maintaining follow-up action to assure prompt compliance by associations with requirements related to budget and report submissions, insurance and bond renewals, reports required under State Laws, chattel security expirations, repayment schedules and other major loan and security servicing requirements.

(e) *Budget and report submission by associations*—(1) *Annual budget.* (i) When required by loan agreements, annual operating budgets will be submitted to the Government by associations at the beginning of the association's fiscal year. A sixty day grace period is allowed within which each association will complete its budget and transmit it to the County Supervisor.

(ii) The annual budget may be submitted in any form desired by the association, but must set forth clearly and in detail the estimated income and expenses for the year. If the budget proposes any significant changes from the previous year's operating record, the budget must be supported by a written narrative explaining all estimates that indicate a significant change.

(2) *Audit reports.* (i) Pursuant to the provision of the loan agreement, associations are obligated to furnish such reports as the Government will from time to time require. It is the policy under this provision of the loan agreement to require annual audit reports of associations and such additional reports as the State Director or the Administrator deems necessary. The annual audit report referred to herein may be in the form desired by the association but must consist of a balance sheet showing the association's current financial position as of the end of each fiscal year and an operating statement showing the results of operations for the year just closed.

(ii) When an association's total outstanding indebtedness to the Government exceeds $15,000, the audit report will be prepared by a qualified independent auditor. The auditing services of a central or federated cooperative will be considered an independent audit. When an association's total outstanding indebtedness to the Government is $15,000, or less, the audit may be made by a committee of the membership not including any officer, director or employee of the association. Audits made by a committee of members will consist of a verification of the balance sheet and operating statement. The State Director may in the case of any association in this latter group require an independent audit where the nature of operations, volume of business or other factors indicate an independent audit to be necessary, and the cost would not be an undue financial burden to the association.

(iii) The annual audit report will be submitted preferably with the budget but in all cases as soon as possible after the close of the fiscal year. If the annual audit report has not been completed at the time for submitting the budget for approval, an unaudited copy of the balance sheet and operating statement will be submitted with the budget in order to permit expeditious analysis and approval of the budget.

(f) *Analysis, transmittal and approval of budget and analysis of audit reports*—(1) *Budgets*—(i) *Analysis.* As soon as possible after the receipt of the budget and financial information in the form of the audit report or balance sheet and operating statement from an association, and after securing such additional information as may be necessary, the County Supervisor will analyze the budget and supporting material and prepare Form FHA–958, "Financial and Budget Analysis," in an original and two copies. The analysis will be made in the light of sound business practices, basic cooperative principles, and financial interest of the Government. The County Supervisor will consult with the State Field Representative in analyzing the budget and in making his recommendations for approval or disapproval. The State Field Representative will attach his recommendations or indicate concurrence in those of the County Supervisor.

(ii) *Transmittal.* The County Supervisor will transmit to the State Director:

(*a*) Form FHA–958 in an original and one copy. The remaining copy will be retained in the County Office.

(*b*) The annual audit report or the unaudited balance sheet and operating statement as the case may be.

(*c*) The budget as submitted by the association with his recommendations.

(*d*) Copies of the minutes of the annual meeting and of any meetings of the Board of Directors at which the budget was discussed or acted upon.

(*e*) Any other related material.

(iii) *Approval.* (a) The State Director after review of the budget will signify his approval or conditional approval by a letter addressed to the County Supervisor.

(*b*) An appropriate notation will be entered on the State Office record system of the receipt and approval of each association's annual budget. This notation will be made at the time of approval by the State Director.

(*c*) The State Director will retain in his files the original of Form FHA–958. The copy of Form FHA–958 and a copy of the letter approving the budget will be transmitted to the National Office.

(*d*) All budgets, audit reports, financial reports, and other material submitted in connection with the budget will be returned by the State Director to the County Supervisor with the approval letter and will become a part of the Farmers Home Administration County Office permanent records.

(*e*) The County Supervisor will notify the association in writing of the approval of the budget and of any conditions prescribed in connection with such approval.

(2) *Analysis of late audit reports.* When the audit report is submitted subsequent to the budget, the County Supervisor will analyze the report and compare it with the financial and operating statement that was submitted with the budget. In the event there are any substantial differences, the County Supervisor will confer with the State Field Representative as to further action.

(g) *Loan servicing*—(1) *Repayments*—(i) *Notice of payment due.* Form FHA–93, "Statement of Account and Notice of Payment Due," will be pre-

pared in an original and three copies by the Area Finance Manager by the tenth of each month for all associations having installments of principal or interest falling due from the twenty-sixth of the current month through the twenty-fifth of the following month. The status of each note or suffix will be shown as well as the total of all notes on the Form FHA–93. Interest will be accrued and matured to the date of principal maturity in accordance with the terms of the note. The Area Finance Manager will mail the original to the association, a copy to the County Supervisor, and a copy to the State Director.

(ii) *Receiving and transmitting of repayments.* Repayments from associations will be handled in accordance with § 382.1 of this chapter.

(iii) *Application of repayments.* (*a*) All repayments received will be credited as of the date of the receipt and applied, first to billed interest and the balance to principal in accordance with Form FHA–93.

(*b*) When payments from normal income are made in advance of maturity, such payments will be applied to principal unless the borrower requests, and it is indicated on the receipt, that part of such payments be applied to interest.

(*c*) Repayments in excess of $100 derived from the sale of mortgaged property not sold in the usual course of business will be applied to the last maturing installments of principal and an equivalent amount of such principal will be matured at the same time.

(2) *Statement of account.* The Area Finance Manager, upon request of the State Director, will furnish the original and two copies of Form FHA–749, "Statement of Cooperative Loan Account," showing the status of the loan account of any association as of the date the information is requested.

(3) *Form FHA–106, "Register of Loan Control Transactions."* The Area Finance Manager will prepare Form FHA–106 in an original and three copies as of June 30th and December 31st of each year. The original and one copy of this form will be sent to the National Office, Attention: Finance Division, Fund Accounting Section; one copy will be sent to the State Director; and one copy will be retained in the Area Finance Office.

(4) *Satisfactions.* When a loan has been paid in full, the Area Finance Manager will prepare Form FHA–597, "Notice of Fully Paid Notes," in an original and one copy and forward them to the Communications and Records Management Section having custody of the notes. The notes will be stamped "Paid in Full" and will be sent, attached to the original of Form FHA–597, to the State Director. The copy of the Form FHA–597, with appropriate notation that the notes have been returned, will be filed in the client file in the Communications and Records Management Section. Upon receipt of Form FHA–597 and accompanying notes, State Directors are hereby authorized to satisfy and discharge lien instruments by executing Form FHA–77, "Satisfaction," when all notes secured by such lien instruments are fully paid. Form FHA–77, notes, related security instruments, insurance policies, and bonds will be transmitted to the County Supervisor. County Supervisors are authorized to deliver Form FHA–77, paid in full notes, related security instruments, insurance policies, and bonds to the association and are authorized to make marginal releases of security instruments described in Form FHA–77 as may be required by State Laws. The original of Form FHA–597 will be filed in the client file in the County Office.

(5) *Insurance and bonding.* (i) Thirty days prior to the expiration date or premium payment date of an insurance policy or bond, the State Director will notify the County Supervisor of the coverage required and the County Supervisor will request the association to obtain such coverage. The originals of policies and bonds will be transmitted by the County Supervisor to the State Office where they will be retained.

(ii) Insurance policies will have attached the standard mortgage clause (without contribution) or Form FHA–878, "Insurance Mortgage Clause." If a mortgage clause has been approved or is made mandatory by the laws of any State, such clause will be used in that State. If a standard mortgage clause (without contribution) is printed in the policy, then a loss payable clause will be required. The name of the United States of America as mortgagee will be inserted in the mortgage clause.

(iii) Associations will obtain required fidelity bonds locally through acceptable bonding companies. The State Director or his successor in office acting for the United States will be named as obligee in the bond, jointly with the association.

(6) *Renewals.* (i) Direct loans to active associations may be renewed when all of the following conditions exist:

(*a*) The Association has a substantial delinquency which cannot be liquidated within one year.

(*b*) The renewal action will not operate to the financial detriment of the Government or impair the security rights of the Government.

(*c*) The budget and/or plan of operations of the association provide reasonable assurance that the association will be able to make payments from normal operating income in accordance with the terms of the proposed renewal.

(*d*) The Board of Directors and membership have defined plans for obtaining membership support and providing competent management for the continued activity of the association.

(ii) Associations desiring to renew notes evidencing loans from the Government will submit their applications to the County Supervisor. These applications will be supported by the following:

(*a*) A current financial report consisting of a balance sheet and operating statement which presents an accurate report of the association's financial condition. This report must be certified as to its accuracy by a responsible official of the association.

(*b*) A certified copy of an appropriate resolution adopted by the Board of Directors and/or membership authorizing the renewal action.

(*c*) A budget referred to in subdivision (i) (*c*) of this subparagraph. This budget must be supported by a narrative statement describing any significant changes in the association's plan of operation that will reflect the association's ability to make payments from normal operating income in accordance with the proposed renewal.

(*d*) An independent current fair market value appraisal of all property owned by the association on which the Government holds a lien.

(iii) All applications for renewal of association loans will be submitted to the State Director with recommendations from both the County Supervisor and State Field Representative.

(iv) Upon receipt of an application for renewal of an association's loan, the State Director shall request the Area Finance Manager to prepare a special statement of account. The State Director will review the special statement of account, the application for renewal and supporting information and forward the complete docket with his recommendations to the National Office for further consideration.

(v) The State Director will be advised of the action taken on a request for renewal. If the renewal is approved, the State Director will then be supplied with a renewal note form which he will prepare in an original and two copies. The note will be dated as of the date on which the renewal will take effect. The repayment schedule of the renewal note will be in annual principal installments as prescribed by the National Office. The State Director will, after securing approval of the Representative of the Office of the Solicitor as to legal sufficiency, transmit the original and copies of the note to the County Supervisor with a letter of instruction with reference to execution of the renewal note and complying with any renewal conditions. A copy of this letter will be sent to the Area Finance Manager who will discontinue accruing interest until he receives the original executed renewal note. When the original note has been executed by the appropriate officials of the association, the County Supervisor will forward the original to the Area Finance Manager, one copy will be furnished the association, and one copy retained in the County Office. The County Supervisor will also advise the State Director that the renewal note has been executed.

(7) *Releasing security.* (i) Any dispositions of property mortgaged to the Government are made subject to such mortgage. Associations will be held strictly accountable to the Government for all proceeds derived from the sale of mortgaged property which the Government is entitled to receive under its lien.

(ii) Before security property mortgaged to the Government is sold or exchanged, associations are required to obtain from the Farmers Home Administration a statement of the conditions under which the lien will be released. This statement will be made on Form FHA–851. "Statement of Conditions on Which Lien Will Be Released."

(iii) When an association desires to sell or exchange the mortgaged property,

it will submit to the County Supervisor the following:

(*a*) A certified copy of an appropriate resolution adopted by the Board of Directors and/or membership requesting permission to dispose of security property.

(*b*) A narrative statement setting forth the reasons for disposing of security property.

(*c*) A report reflecting the current fair market value of the property to be released.

(iv) The County Supervisor will prepare an original and two copies of Form FHA–851. One copy will be retained in the County Office and the original and one copy will be forwarded to the State Director along with the request for permission to dispose of security property, supporting information received from the association and the County Supervisor's recommendations. The State Director will indicate his approval of conditions of sale or exchange by executing the original of Form FHA–851 and returning it to the County Supervisor for delivery to the Association.

(v) When security property is sold or exchanged in accordance with the conditions stated in the approved Form FHA–851, the County Supervisor will prepare Form FHA–99, "Release," in an original and two copies. One copy will be retained in the County Office and the original and one copy will be forwarded to the State Director to be executed. After execution the original will be sent to the County Supervisor for delivery to the association.

(vi) Property acquired by associations by exchange or by purchase with proceeds from the sale of other mortgaged property must be made subject to a lien in favor of Farmers Home Administration in such manner as the Representative of the Office of the Solicitor advises to be appropriate under applicable State laws. When a new security instrument is necessary, it will be taken at the time of acquisition of the new property.

(8) *Reporting on defaulted cases.* (i) Defaults by associations under their notes, loan agreements, mortgages or other security instruments, which have not been cured by the association after a reasonable amount of loan servicing and supervision by County Supervisors with the advice of the State Field Representative, will be reported in narrative form to the State Director with either their joint or separate recommendations. The association file and other pertinent material will be forwarded to the State Director with the report.

(ii) In cases where the County Supervisor and the State Field Representative recommend liquidation of an association's assets the following additional information will be included in the report to the State Director.

(*a*) A statement as to whether or not the liquidation would be voluntary on the part of the association. If the association has authorized liquidation, then a copy of the resolution should be attached.

(*b*) Specific recommendations on the method of carrying out the liquidation.

(*c*) Estimate of the net amount that probably will be realized from disposal of the assets, and an estimate of the loss, if any, to the Government.

(*d*) A list of unsalable assets and recommendations for disposal if title to such assets will rest in the Government.

(iii) If the liquidation of an association's assets is involved and the recommended liquidation action is not within the approval authority of the State Director as prescribed in paragraph (c) of this section, the complete docket, together with the State Director's recommendations, will be forwarded to the National Office. In such instances specific authorities and instructions will be issued by the national Office when liquidation is authorized.

(iv) After all liquidation action has been completed, the complete docket will be returned to the unit office and placed in the official files in that office.

(9) *Appointment of supervisor*—(i) *Notice to the supervisor.* (*a*) When the loan agreement so provides and the State Director determines that an association's failure to comply with the terms and conditions of the loan agreement is jeopardizing seriously or in all probability will jeopardize seriously the Government's interest and all other methods of securing voluntary compliance with the loan agreement have failed, he will appoint a supervisor, as defined in the loan agreement, to act as the Government representative for the purpose of carrying out the terms and conditions of the agreement.

(*b*) The State Director will notify in writing the person selected of his appointment as supervisor. The letter which must be approved by the Representative of the Office of the Solicitor for legal sufficiency, will include:

(*1*) A statement of the supervisor's duties and responsibilities.

(*2*) The authorities granted him in order to carry out his duties and responsibilities of managing the operations of the association.

(*3*) A stipulation of the salary, if any, which he is to receive for his work. In case an employee of the Government is appointed supervisor he will receive no compensation in addition to his regular salary.

(*4*) Other information and instructions necessary to enable him to perform his duties effectively.

(ii) *Notice to the association.* The State Director will notify the association, in writing, of the appointment of a supervisor citing the appropriate provisions of the loan agreement. The letter of notification will include the following:

(*a*) A notice of the specific breach(es) of the loan agreement which renders the appointment necessary and the objectives of the Government in taking control.

(*b*) The name of the supervisor and his salary, if any, as fixed by the Government.

(*c*) A detailed statement describing the specific authorities and duties of the supervisor.

(iii) *Bonding.* The State Director will require that an adequate bond be obtained by the supervisor, the cost to be borne by the association.

(iv) *Notice to the National Office.* The State Director will immediately notify the National Office of the appointment of a supervisor and submit a statement for future handling of the association which will include plans for returning management to the association or recommendations for liquidation action.

(10) *Reporting other associations requests and applications.* (i) Requests and applications from associations for other loan servicing actions not specifically covered by paragraph (g) of this section will be made in written form addressed to the County Supervisor and must be supported by a copy of the resolution adopted by the members or Board of Directors in connection with such request.

(ii) The County Supervisor will attach to the request or application, the association county office file containing the Charter, By-Laws, current year's budget, where required, and the latest audit report.

(iii) The County Supervisor will analyze the request or application, make his recommendations after consulting with the State Field Representative, and transmit the complete docket to the State Director. The State Field Representative will attach his recommendations or indicate concurrence in those of the County Supervisor by initialing the docket.

(iv) In certain cases, the State Director may require additional information such as a current statement of account from the Area Finance Manager, or a current fair market value appraisal of the association's property. When such appraisals are required they must be made at no cost to the Government.

(v) When the loan servicing action is not within the approval authority of the State Director as prescribed in paragraph (c) of this section, the complete docket, together with the State Directors' recommendations will be forwarded to the National Office. Specific authorities and instructions will be issued in individual cases.

All sections (except §§ 381.1 and 381.3, insofar as applicable to the Water Facilities Program) issued under 60 Stat. 1062; Pub. Law 249, 80th Cong., 61 Stat. 493; Order, Secretary of Agriculture, October 14, 1946, 11 F. R. 12520, 7 CFR, 1946 Supp., page 524; Order, Acting Secretary of Agriculture, October 30, 1947, 12 F. R. 7137. Sections 381.1 and 381.3, insofar as applicable to the Water Facilities Program, issued under 50 Stat. 869, 54 Stat. 1124; 16 U. S. C. 590r–x, 16 U. S. C. 590z–5; Order, Secretary of Agriculture, October 14, 1946, 11 F. R. 12520, 7 CFR, 1946 Supp., page 524)

Dated: February 20, 1948.

[SEAL] DILLARD B. LASSETER,
Administrator,
Farmers Home Administration.

Approved: February 25, 1948.

CLINTON P. ANDERSON,
Secretary of Agriculture.

[F. R. Doc. 48–1766; Filed, Mar. 1, 1948; 8:45 a. m.]

Chapter IV—Rural Electrification Administration, Department of Agriculture

PART 400—ORGANIZATION, FUNCTIONS AND PROCEDURES

DELEGATIONS OF FINAL AUTHORITY

Effective February 24, 1948, Part 400 of Title 6, issued September 11, 1946 (11 F. R. 177A-294 to 296, inclusive), as amended November 13, 1947 (12 F. R. 7383), is hereby amended as follows:

1. By adding after § 400.4 (i) (1) the following subparagraph:

§ 400.4 *Delegations of final authority.* * * *

(i) * * *

(2) To approve "for Claude R. Wickard, Administrator" sales and transfers between borrowers and others of material or equipment having a value of less than $1,000.

(R. S. 161, sec. 3, 60 Stat. 238; 5 U. S. C. and Sup. 22, 1002)

Issued this 25th day of February 1948.

[SEAL] CLINTON P. ANDERSON,
Secretary of Agriculture.

[F. R. Doc. 48-1767; Filed, Mar. 1, 1948; 8:51 a. m.]

TITLE 7—AGRICULTURE

Chapter VII—Production and Marketing Administration (Agricultural Adjustment)

PART 725—BURLEY AND FLUE-CURED TOBACCO

PROCLAMATION INCREASING NATIONAL MARKETING QUOTA AND STATE ACREAGE ALLOTMENTS FOR BURLEY TOBACCO FOR 1948-49 MARKETING YEAR

The purpose of this proclamation is to increase the national marketing quota for Burley tobacco for the 1948-49 marketing year proclaimed on November 28, 1947, and published in the FEDERAL REGISTER of December 2, 1947 (12 F. R. 8014), and to increase the State acreage allotments published in the FEDERAL REGISTER of January 7, 1948 (13 F. R. 79). Section 312 (a) of the Agricultural Adjustment Act of 1938, as amended, provides that the amount of the national marketing quota may, not later than March 1, be increased by not more than 20 per centum if the Secretary determines that such increase is necessary in order to meet market demands or to avoid undue restriction of marketings in adjusting the total supply to the reserve supply level. Prior to the determination that an increase in the national quota is necessary in order to meet market demands public notice of the proposed action was given (13 F. R. 750) in accordance with the Administrative Procedure Act (60 Stat. 237). The views and recommendations of Burley tobacco growers and other interested persons have been duly considered within the limits prescribed by the Agricultural Adjustment Act of 1938, as amended, in determining the extent to which the national marketing quota should be increased.

The national marketing quota originally determined for Burley tobacco for the 1948-49 marketing year was apportioned among the several States and converted into State acreage allotments pursuant to formulas prescribed in the act. An increase in the national marketing quota, using the same formulas, results in the same percentage increase in each State acreage allotment. Therefore, it is hereby determined and found that the notice and public rule-making procedure requirements of the Administrative Procedure Act are unnecessary in making increases in State acreage allotments which become necessary because of an increase in the national marketing quota.

Since Burley tobacco growers are now preparing plant beds, purchasing fertilizer, and preparing the land on which tobacco will be planted, it is imperative that they be notified as soon as possible of their 1948 acreage allotments and farm marketing quotas. Accordingly, it is hereby determined and found that compliance with the 30-day effective date requirement of the Administratice Procedure Act is impractical and contrary to the public interest, and the amendments made herein shall become effective on the date of their publication in the FEDERAL REGISTER.

In order to meet market demands, it is hereby determined that the amount of the national marketing quota for Burley tobacco for the marketing year beginning October 1, 1948, as proclaimed in § 725.404 (12 F. R. 8014), and the State acreage allotments established in § 725.408 (13 F. R. 79), should, and the same hereby shall, be increased by eight and four-tenths per centum. Therefore, the following amendments are issued:

§ 725.404 *Findings and determinations with respect to the national marketing quota for Burley tobacco for the marketing year beginning October 1, 1948.*[1] * * *

(d) *Increase in national marketing quota.* The national marketing quota for Burley tobacco established in paragraph (c) of this section in the amount of 474,000,000 pounds is hereby increased to 514,000,000 pounds.

§ 725.408 *Apportionment of the national marketing quota for Burley tobacco for the 1948-49 marketing year among the several States.* The national marketing quota proclaimed in § 725.404 is hereby apportioned among the several States pursuant to section 313 (a) of the Agricultural Adjustment Act of 1938, as amended, and converted into State acreage allotments in accordance with section 313 (g) of said act, as follows:

State:	*Acreage allotment*
Alabama	77
Arkansas	95
Georgia	82
Illinois	28
Indiana	11,138
Kansas	319
Kentucky	302,611
Missouri	5,626
North Carolina	11,477
Ohio	14,694
Oklahoma	4
Pennsylvania	4
South Carolina	9
Tennessee	82,327
Virginia	13,620
West Virginia	3,755
Reserve [1]	2,241
Total	448,107

[1] Rounded to the nearest million pounds.

[1] Acreage reserved for establishing allotments for farms upon which no Burley tobacco has been grown during the past five years.

(Sec. 301, 312, 313, 52 Stat. 38, as amended; 7 U. S. C. and Sup. 1301, 1312, 1313).

Done at Washington, D. C., this 26th day of February 1948. Witness my hand and the seal of the Department of Agriculture.

[SEAL] CLINTON P. ANDERSON,
Secretary of Agriculture.

[F. R. Doc. 48-1818; Filed, Mar. 1, 1948; 8:55 a. m.]

TITLE 24—HOUSING CREDIT

Chapter VIII—Office of Housing Expediter

PART 825—RENT REGULATIONS UNDER THE HOUSING AND RENT ACT OF 1947

CONTROLLED HOUSING RENT REGULATION

Amendment 24 to the Controlled Housing Rent Regulation.[1] The Controlled Housing Rent Regulation (§ 825.1) is amended in the following respect:

1. Section 1 (b) (6) (ii) is amended in the following respect:

The date March 31, 1948 is substituted for the date February 29, 1948.

This amendment shall become effective March 1, 1948.

Issued this 1st day of March 1948.

TIGHE E. WOODS,
Housing Expediter.

[F. R. Doc. 48-1869; Filed, Mar. 1, 1948; 10:14 a. m.]

PART 825—RENT REGULATIONS UNDER THE HOUSING AND RENT ACT OF 1947

CONTROLLED HOUSING RENT REGULATION FOR MIAMI DEFENSE-RENTAL AREA

Amendment 5 to the Controlled Housing Rent Regulation for Miami Defense-Rental Area.[2] The Controlled Housing Rent Regulation for Miami Defense-Rental Area (§ 825.3) is amended in the following respect:

1. Section 1 (b) (6) is amended in the following respect:

The date March 31, 1948 is substituted for the date February 29, 1948.

This amendment shall become effective March 1, 1948.

Issued this 1st day of March 1948.

TIGHE E. WOODS,
Housing Expediter.

[F. R. Doc. 48-1866; Filed, Mar. 1, 1948; 10:14 a. m.]

[1] 12 F. R. 4331, 5421, 5454, 5697, 6027, 6687, 6923, 7111, 7630, 7825, 7999, 8660; 13 F. R. 6, 62, 180, 216, 294, 322, 441, 475, 476, 498, 523, 827, 861.

[2] 12 F. R. 4374, 5422, 5455, 5698; 13 F. R. 231, 441.

PART 825—RENT REGULATIONS UNDER THE HOUSING AND RENT ACT OF 1947

RENT REGULATION FOR CONTROLLED ROOMS IN ROOMING HOUSES AND OTHER ESTABLISHMENTS

Amendment 24 to the Rent Regulation for Controlled Rooms in Rooming Houses and Other Establishments.[1] The Rent Regulation for Controlled Rooms in Rooming Houses and Other Establishments (§ 825.5) is amended in the following respect:

1. Section 1 (b) (7) (ii) is amended in the following respect:

The date March 31, 1948 is substituted for the date February 29, 1948.

This amendment shall become effective March 1, 1948.

Issued this 1st day of March 1948.

TIGHE E. WOODS,
Housing Expediter.

[F. R. Doc. 48-1868; Filed, Mar. 1, 1948; 10:14 a. m.]

PART 825—RENT REGULATIONS UNDER THE HOUSING AND RENT ACT OF 1947

RENT REGULATION FOR CONTROLLED ROOMS IN ROOMING HOUSES AND OTHER ESTABLISHMENTS IN MIAMI DEFENSE-RENTAL AREA

Amendment 5 to the Rent Regulation for Controlled Rooms in Rooming Houses and Other Establishments for Miami Defense-Rental Area.[2] The Rent Regulation for Controlled Rooms in Rooming Houses and Other Establishments for Miami Defense-Rental Area (§ 825.7) is amended in the following respect:

1. Section 1 (b) (7) is amended in the following respect:

The date March 31, 1948 is substituted for the date February 29, 1948.

This amendment shall become effective March 1, 1948.

Issued this 1st day of March 1948.

TIGHE E. WOODS,
Housing Expediter.

[F. R. Doc. 48-1867; Filed, Mar. 1, 1948; 10:14 a. m.]

TITLE 26—INTERNAL REVENUE

Chapter I—Bureau of Internal Revenue, Department of the Treasury

Subchapter C—Miscellaneous Excise Taxes

[T. D. 5604]

PART 130—TAXES ON SAFE DEPOSIT BOXES AND ON CERTAIN TRANSPORTATION AND COMMUNICATIONS SERVICES

TERMINATION OF CERTAIN TAX PROVISIONS BEFORE END OF WORLD WAR II

In order to conform Regulations 42 (1942 edition) (26 CFR, Part 130), to section 12 of Public Law 384, 80th Congress, approved August 8, 1947, such regulations are amended as follows:

PARAGRAPH 1. There is inserted immediately preceding § 130.63 the following:

PUBLIC LAW 384 (80TH CONGRESS), APPROVED AUGUST 8, 1947

SEC. 12. TRANSPORTATION TAX EXEMPTION OF MILITARY AND NAVAL PERSONNEL.

Section 3469 (f) (2) of the Internal Revenue Code shall not be applicable to amounts paid after December 31, 1947.

PAR. 2. Section 130.63, as amended by Treasury Decision 5190, approved November 30, 1942, is further amended by inserting at the end thereof the following paragraph:

By virtue of the amendment of the Internal Revenue Code made by section 12 of Public Law 384 (80th Congress), the exemptions under section 3469 (f) (2) as amended, do not apply to amounts paid after December 31, 1947.

(Secs. 3472, 3791, Internal Revenue Code 53 Stat. 423, 467, 55 Stat. 722; 26 U. S. C. and Sup., 3472, 3791)

Because of the technical nature of the amendments made herein, it is found that it is unnecessary to issue this Treasury decision with notice and public procedure thereon under section 4 (a) of the Administrative Procedure Act, approved June 11, 1946, or subject to the effective date limitation of section 4 (c) of said act.

[SEAL] WM. T. SHERWOOD,
Acting Commissioner of Internal Revenue.

Approved: February 25, 1948.

A. L. M. WIGGINS,
Acting Secretary of the Treasury.

[F. R. Doc. 48-1777; Filed, Mar. 1, 1948; 8:52 a. m.]

TITLE 29—LABOR

Chapter V—Wage and Hour Division, Department of Labor

PART 515—UTILIZATION OF STATE AGENCIES FOR INVESTIGATIONS AND INSPECTIONS

Sec.
515.1 Definitions.
515.2 Agreements with State agencies.
515.3 Qualifications of the State agency.
515.4 Submission of plan.
515.5 Additional requirements.
515.6 Audits.
515.7 Transmission of official mail.
515.8 Enforcement.
515.9 Agreements and approved plans.
515.10 Amendments and repeal.

AUTHORITY: §§ 515.1 to 515.10, inclusive, issued under R. S. 161, sec. 4, 49 Stat. 2038, sec. 11, 52 Stat. 1066; 5 U. S. C. 22, 41 U. S. C. 38, 29 U. S. C. 211 (b).

NOTE: The text of the regulations in this part is identical with the text of Chapter IV, Part 481 of this title, except for correction in § 481.8.

§ 515.1 *Definitions.* As used in this part:

(a) *Acts.* The term "acts" means the Fair Labor Standards Act of 1938 (act of June 25, 1938, Chapter 676, 52 Stat. 1060, 29 U. S. C. 201) and the Public Contracts Act (act of June 30, 1936; 49 Stat. 2036; 41 U. S. C. 35-45).

(b) *Administrator.* The term "Administrator" means the Administrator of the Wage and Hour Division in the United States Department of Labor.

(c) *Wage and Hour Division.* The term "Wage and Hour Division" means the Wage and Hour Division of the United States Department of Labor.

(d) *Division of Labor Standards.* The term "Division of Labor Standards" means the Division of Labor Standards of the United States Department of Labor.

(e) *Director.* The term "Director" means the Director of the Division of Labor Standards.

(f) *State.* The term "State" means any State of the United States or the District of Columbia or any Territory or possession of the United States.

(g) *State agency.* The term "State agency" means the agency in the State charged with the administration of labor laws which necessitate inspection of places of employment for (1) enforcement of State child-labor regulations and (2) enforcement of State maximum-hour or State minimum-wage regulations.

(h) *Official forms.* The term "official forms" means forms prescribed by the Administrator or the Director.

§ 515.2 *Agreements with State agencies*—(a) *Purpose.* The Secretary, the Administrator and the Director may enter into agreements with State agencies for the utilization of services of State and local agencies and their employees in making investigations and inspections under the acts and for reimbursement therefor, when such State agencies have submitted plans of cooperation for such purposes and such plans have been found to be reasonably appropriate and adequate to carry out the respective functions of the Secretary, the Administrator and the Director.

(b) *Certificates of attorneys general.* No such agreement shall become effective and operative until a statement of the Attorney General of the State, or, if the Attorney General is not authorized to make such a statement, the State official who is so authorized, has been received by the Wage and Hour Division and the Division of Labor Standards, certifying that the Agreement is valid in the form as executed under the laws of the State.

§ 515.3 *Qualifications of the State agency.* The State agency shall have as its primary function the administration of State labor laws and shall be under the direction of an executive who gives full time to the work of the agency. The agency shall be engaged in inspecting places of employment for (a) enforcement of State child-labor laws and regulations, and (b) enforcement of State maximum-hour or minimum-wage laws and regulations. An administrative division of the State agency shall be designated to make investigations and inspections under the acts; qualified staff, under adequate supervision, shall be specifically assigned for work connected with State and Federal child-labor, maximum-hour and minimum-wage laws and regulations; and provision shall be made to inspect any establishment subject to the acts.

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[1] 12 F. R. 4302, 5423, 5457, 5699, 6027, 6686, 6923, 7111, 7630, 7825, 7998, 8660; 13 F. R. 6, 62, 181, 216, 294, 321, 442, 476, 497, 523, 828, 861.

[2] 12 F. R. 4374, 5422, 5455, 5698; 13 F. R. 231, 442.

§ 515.4 *Submission of plan.* The State agency shall submit a plan, in quadruplicate, which shall include the following:

(a) A copy of the act establishing the State agency, copies of the laws administered by the State agency, and if there is an act specifically authorizing the State to cooperate with the Wage and Hour Division or the Division of Labor Standards, or both, a copy of such act.

(b) A description of the organization of the State agency, illustrated by organization charts, showing the delegation of responsibility and lines of authority to be followed within the agency in the enforcement of the acts and State labor laws.

(c) A description (1) of the manner in which investigations and inspections under the acts will be coordinated with the investigations and inspections for enforcement of State child-labor, maximum-hour and minimum-wage laws and regulations; (2) of the location of offices of the administrative division designated to make inspections under the acts, with the job titles of employees located in each such office and employees assigned to work in connection with the act so designated; and (3) of the manner in which the work of inspectors will be supervised.

(d) Provisions for the establishment and maintenance of personal administration, with respect to personnel engaged in work under the acts for the Wage and Hour Division and the Division of Labor Standards in acordance with the following standards:

(1) Job classifications based upon an analysis of the duties and responsibilities of positions;

(2) A compensation schedule adjusted to State salary schedules for similar positions: *Provided, however,* That all salaries paid by the State for services rendered in accordance with an agreement entered into pursuant to § 515.2 shall be on the basis of applicable State laws or regulations, or in the absence of such applicable laws or regulations, on the approved and usual scale paid by the State for similar services and shall in no case exceed salaries paid for comparable Federal positions in the competitive classified service. Allowances for necessary traveling expenses shall be on the basis of State laws and regulations governing travel allowances;

(3) Assignment of personnel to Federal work only when their qualifications conform substantially with qualifications of Federal employees engaged in similar work, such assignment to be made only after submission to and approval by the Wage and Hour Division and the Division of Labor Standards of a statement of the training and experience of each person who will engage in Federal work;

(4) Appointment of new personnel on the basis of merit, either (i) from lists of eligible persons certified in the order of merit, secured under a merit system through State-wide competitive examinations which prescribe requirements of training and experience in substantial conformity with Federal civil service requirements for similar positions or (ii) from lists taken from Federal registers established through competitive examinations for similar positions, it being understood that such registers may be broken down by States;

(5) Adequate training of staff;

(6) Promotion on the basis of qualifications and performance;

(7) Security of tenure assured satisfactory employees, including right of notice and hearing prior to demotion or dismissal;

(8) Prohibition against employees engaging in political activities other than the exercise of their right to vote and to express privately their opinions on political questions.

(e) A budget which shall show, in detail, estimated expenditures by the State agency on behalf of the Wage and Hour Division and the Division of Labor Standards for services to be rendered in connection with the administration of the Act and a budget which shall show estimated expenditure for the enforcement of comparable State laws and regulations during the period covered by the agreement; a statement showing funds appropriated to or allocated for meeting the budget for estimated State expenditures; and a statement showing expenditures by the State agency for the enforcement of comparable State laws and regulations during the last fiscal year.

(f) A statement of State requirements in regard to fiscal practices and to appointment of personnel, together with copies of the laws and regulations setting forth such requirements.

(g) A statement from the Attorney General of the State, or, if the Attorney General is not authorized to make such a statement, from the State official who is so authorized, certifying that the State agency has authority to enter into an Agreement with the Wages and Hour Division and the Division of Labor Standards in accordance with this part.

§ 515.5 *Additional requirements.* (a) The State agency shall follow the procedure set forth in the Inspection Manual for the enforcement of the acts and such supplements to or provisions thereof as may be issued from time to time by the Wage and Hour Division or the Division of Labor Standards; use official forms for recording findings; make reports as required; and carry on the work connected with the administration of the acts in conformity with the plans and budget agreed upon and with the instructions and policies of the Wage and Hour Division and the Division of Labor Standards.

(b) Representatives of the Wage and Hour Division and the Division of Labor Standards may at any time, upon notifying the State agency, make such inspections and investigations and secure such information as may be necessary for the administration of the acts.

§ 515.6 *Audits.* The accounting records and the supporting data pertaining to expenditures for investigations and inspections under the acts shall be subject to audit by the Wage and Hour Division and the Division of Labor Standards annually, or so often as the Administrator and the Director may require.

§ 515.7 *Transmission of official mail.* Subject to the requirements of law and of the regulations of the Post Office Department, franked self-addressed envelopes may be used for communications from the field staff to a State official designated by the Wage and Hour Division and the Division of Labor Standards, and for communication from the State agency to the Wage and Hour Division or the Division of Labor Standards.

CROSS REFERENCE: For regulations of the Post Office Department relating to use of franking privilege, transmission of official matter by mail, etc., see 39 CFR Part 8.

§ 515.8 *Enforcement.* All litigation relating to the enforcement of the acts, other than civil actions for the recovery of wages due instituted pursuant to section 16 (b) of the Fair Labor Standards Act of 1938 and all administrative proceedings instituted pursuant to section 5 of the Public Contracts Act shall be undertaken by and be under the direction and control of the Federal Government. Any State agency intending to institute a civil action in behalf of an employee or employees for the recovery of wages due, pursuant to section 16 (b) of the Fair Labor Standards Act of 1938 shall notify the Division prior to the institution of such action.

§ 515.9 *Agreements and approved plans.* Agreements and approved plans incorporated therein may be amended upon the consent of the parties thereto.

§ 515.10 *Amendments and repeal.* This part may be amended or repealed by appropriate joint regulations issued by the Secretary of Labor, the Director, and the Administrator: *Provided, however,* That no such amendment or repeal shall be effective as to any agreement previously entered into by a State agency without its consent thereto. (52 Stat. 1060, 29 U. S. C. 201 et seq. Reorg. Plan No. 2 of 1946, Title 3, Chapter IV, *supra*)

Signed at Washington, D. C., this 24th day of February 1948.

F. GRANVILLE GRIMES, Jr.,
Acting Administrator of the Wage and Hour Division.

[F. R. Doc. 48-1778; Filed, Mar. 1, 1948; 8:52 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter VIII—Office of International Trade, Department of Commerce

Subchapter B—Export Control

[Amdt. 396]

PART 801—GENERAL REGULATIONS

PART 802—GENERAL LICENSES

PART 804—INDIVIDUAL LICENSES

MISCELLANEOUS AMENDMENTS

A. Section 801.2 *Prohibited exportations* is amended in the following particulars: (1) Paragraph (a) is amended to read as follows:

(a) *General provisions.* The exportation from the United States of all commodities and the exportation from the United States of all technical data as defined in § 806.1 of this subchapter, except to Canada (including that part of Labrador under Canadian authority) or for the official use of or consumption by the

United States armed forces when shipped by or consigned to any branch thereof, is hereby prohibited unless and until a license authorizing such exportation shall have been established or granted by the Department of Commerce.

(2) That part of paragraph (b) preceding the Schedule of Commodities is amended to read as follows:

(b) *Positive List of Commodities.* The commodities set forth in the Positive List of Commodities (appended to and incorporated in this subchapter as Appendix A) may not be exported from the United States to any destination unless and until a license authorizing the exportation shall have been applied for and granted by the Department of Commerce, except where exportation of such commodities is authorized by the provisions of an established general license, as set forth in Part 802 of this subchapter, and except where authorized with respect to certain commodities by the provisions of a footnote in the Positive List of Commodities, Appendix A hereof.

(3) The Schedule of Commodities is amended in the following particulars:

The heading "Schedule of Commodities" is redesignated to read: "Appendix A—Positive List of Commodities."

The column headed "GLV Dollar Value Limits Country Group K and E" is redesignated to read "GLV Dollar Value Limits." The column headed "E" is hereby deleted.

B. Section 802.3 *General License Country Groups* is amended to read as follows:

§ 802.3 *General License Country Groups.* Two general license country groups are hereby designated: Group R and Group O.

(a) Country Group R includes and consists of the countries and other destinations enumerated in the schedule set forth below in this paragraph. Group O consists of all countries and other destinations not included in Country Group R, except Canada (including that part of Labrador under Canadian authority).

COUNTRY GROUP R

Aegean Islands (including the Dodecanese Islands).
Albania.
Andorra.
Austria.
Belgium.
Bulgaria.
Czechoslovakia.
Denmark (except Greenland).
Eire (Irish Free State).
Estonia.
Finland.
France (including Corsica).
Germany.
Gibraltar.
Greece (and its Mediterranean Islands).
Hungary.
Iceland.
Italy (and its Mediterranean Islands).
Latvia.
Liechtenstein.
Lithuania.
Luxembourg.
Malta, Gozo, and Cyprus Islands.
Monaco.
The Netherlands.
Norway.
Poland and Danzig.
Portugal (including Azores and Madeira Islands).
Romania.
San Marino.
Spain and Possessions (including Balearic Islands; the Canary Islands; Spanish Morocco; Ceuta; Melilla; Ifni; Rio de Oro; Spanish Guinea, including Rio Muni and Fernando Po; Annobon, Corisco, and Elobey Islands).
Sweden.
Switzerland.
Tangier (including the International Zone).
Trieste, Free Territory of.
Turkey (Asiatic and European).
Union of Soviet Socialist Republics (European and Asiatic).
United Kingdom of Great Britain and Northern Ireland.
Vatican City.
Yugoslavia.

(b) When a commodity is exportable under general license to a particular "Country Group" it may, subject to the provisions of this subchapter, be exported to any country in that group.

C. Section 802.4 *Re-exportation from country of destination* is amended to read as follows:

§ 802.4 *Re-exportation from country of destination.* No exportation may be made under any type of general license with the knowledge or intention that the commodities so exported are to be re-exported from the country of destination unless the re-exportation has been authorized by the Department of Commerce, except that all commodities, the exportation of which is permitted under general license to any destination in Group O, may be re-exported from Canada or from any destination in Group O to any other destination in Group O.

D. Section 802.7 *Country Group General Licenses* is amended in the following particulars:

Paragraph (a) is amended to read as follows:

(a) A general license is hereby established, subject to the other provisions of this section, authorizing the exportation of all commodities, except those commodities listed in the Positive List of Commodities, Appendix A of this subchapter, to destinations in country group O as designated in § 802.3 (a).

E. Section 802.10 *Shipments of limited value "GLV"* is amended in the following particulars:

Paragraph (c) is amended to read as follows:

(c) *General provisions.* (1) Subject to the special provisions for Mexico set forth in paragraph (d) of this section, all commodities included in the Positive List of Commodities, Appendix A of this subchapter, which have a dollar value specified may be exported to Group R destinations, or to Group O destinations where, in a single shipment, the net value of the commodities classified in a single entry in the Positive List does not exceed the specified dollar value limit in the column headed "GLV Dollar Value Limits."

(2) Commodities not included in the Positive List of Commodities may be exported to Group O destinations without value limit under the general license set forth in § 802.7. Such commodities may be exported under general license GLV to Group R destinations where, in a single shipment, the net value of all the commodities classified under a single Schedule B number does not exceed $100.

(3) Commodities licensed by other government agencies and commodities included in the Positive List of Commodities with the word "none" in the column headed "GLV Dollar Value Limits" may not be exported under this general license.

(4) Where an asterisk precedes the dollar value limit for any commodity in the Positive List of Commodities, all forms, conversions and derivatives of such commodity, even though not covered by the Schedule B number for the entry, are included in the value specified.

F. Section 802.12 *Photographic film, plates and paper "GPF"* is hereby deleted.

G. Section 802.18 *Publications not containing technical data "G-Pub"* is amended in the following particulars:

Paragraph (b) is amended to read as follows:

(b) A general license designated "G-PUB" is hereby established authorizing the exportation of publications to all destinations.

H. Section 802.20 *Export of certain vessels "VMC"* is amended to read as follows:

§ 802.20 *Export of certain vessels "VMC".* A general license designated VMC is hereby granted authorizing the exportation of any vessel to a destination in Country Group R or Country Group O when transfer of the vessel to a person not a citizen of the United States or the placing of the vessel under foreign registry or flag has been duly authorized by the United States Maritime Commission.

I. Section 802.24 *Commodities sold at auction by Bureau of Customs "GCC"* is amended to read as follows:

§ 802.24 *Commodities sold at auction by Bureau of Customs "GCC".* A general license designated "GCC" is hereby established authorizing the exportation to all destinations of all commodities which are refused entry into the United States and are sold at auction by the Bureau of Customs for export only: *Provided,* That a certified Customs Bill and/or Receipt (Form 5117A) is presented to the United States Collector of Customs at the port of exit or the United States Postmaster at the place of mailing as evidence of the purchase at such auction.

J. Section 802.26 *Return of certain commodities imported into the United States "GLR"* is amended to read as follows:

§ 802.26 *Return of certain commodities imported into the United States "GLR".* A general license designated "GLR" is hereby established authorizing exportations as follows:

(a) Machinery, or parts of machinery, shipped to the United States for repair purposes may be returned to the country of origin, as well as replacement parts which are added and rebuilt parts which are substituted when the identical parts imported are not returned.

(b) All articles and materials which have been imported into the Panama Canal Zone from the Republic of Panama for the purpose of being repaired or processed may be returned to the Republic of Panama.

(c) Metal drums, gas cylinders, bags and other containers used in shipping articles and materials to the United

States from any destination may be returned empty.

(d) Newsprint cores made of any kind of material, whether imported into the United States separately or as a part of the packing of imported newsprint paper, may be returned to any destination from which imported.

K. Section 802.30 *Exportation of relief shipments; "RLS"* is amended in the following particulars:

The first sentence of paragraph (b), preceding the table of commodities set forth in said paragraph, is amended to read as follows:

(b) The following specified commodities and all commodities which may be exported under the general license set forth in § 802.7 may be exported under the provisions of this general license:

L. Section 804.1 *General provisions* is amended in the following particulars:

Paragraph (a) is amended to read as follows:

(a) The commodities enumerated in the Positive List of Commodities, Appendix A of this subchapter, may not be exported to destinations other than Canada (including that part of Labrador under Canadian authority) except pursuant to general, individual or other type of license granted upon application or established by the Department of Commerce. No exportation of any commodity, whether or not included in the Positive List of Commodities, may be made to any destination in Country Group R, as set forth in § 802.3 (a) of this subchapter, unless and until a license therefor has been granted upon application by the Department of Commerce, except where authorized by the provisions of an established general license as set forth in Part 802 of this subchapter.

This amendment shall become effective March 1, 1948 except that with respect to commodities previously exportable under the country group general license which were on dock, on lighter, laden aboard an exporting carrier or in transit to a port of exit pursuant to an actual order for export prior to the effective date of this amendment, may be exported under the previous general license provisions.

(Sec. 6, 54 Stat. 714; 55 Stat. 206; 56 Stat. 463; 58 Stat. 671; 59 Stat. 270; 60 Stat. 215; 61 Stat. 214; 61 Stat. 321; Pub. Law 395, 80th Cong.; 50 U. S. C. App. & Sup. 701, 702; E. O. 9630, Sept. 27, 1945, 10 F. R. 12245; E. O. 9919, Jan. 3, 1948, 13 F. R. 59)

Dated: February 27, 1948.

FRANCIS MCINTYRE,
Assistant Director,
Office of International Trade.

[F. R. Doc. 48-1865; Filed, Mar. 1, 1948; 9:10 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

[7 CFR, Part 904]

HANDLING OF MILK IN GREATER BOSTON, MASS., MILK MARKETING AREA

NOTICE OF RECOMMENDED DECISION AND OPPORTUNITY TO FILE WRITTEN EXCEPTIONS WITH RESPECT TO PROPOSED MARKETING AGREEMENT AND TO PROPOSED AMENDMENT TO ORDER

Pursuant to the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders (7 CFR, Supps., 900.1 et seq., 11 F. R. 7737, 12 F. R. 1159, 12 F. R. 4904) notice is hereby given of the filing with the Hearing Clerk of this recommended decision of the Assistant Administrator, Production and Marketing Administration, United States Department of Agriculture, with respect to a proposed marketing agreement and a proposed amendment to the order, as amended, regulating the handling of milk in the Greater Boston, Massachusetts, milk marketing area, to be made effective pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), hereinafter referred to as the "act". Interested parties may file exceptions to this recommended decision with the Hearing Clerk, Room 1844, South Building, United States Department of Agriculture, Washington 25, D. C., not later than the close of business on the seventh day after publication of this recommended decision in the FEDERAL REGISTER. Exceptions should be filed in quadruplicate.

Preliminary statement. The hearing on the record of which the proposed marketing agreement and the proposed amendment to the order, as amended, were formulated, was held at Skowhegan, Maine, St. Johnsbury, Vermont, and Boston, Massachusetts, on October 20-24, 1947, pursuant to a notice issued on October 9, 1947 (12 F. R. 6748). This hearing was called to consider amendments to the tentative marketing agreement and the order, as amended, proposed by:

Bellows Falls Cooperative Creamery, Inc.
Bethel Cooperative Creamery, Inc.
Cabot Farmers' Cooperative Creamery Co., Inc.
Connecticut Valley Dairy, Inc.
Grand Isle County Coop Creamery Association, Inc.
Granite City Cooperative Creamery Association, Inc.
Maine Dairymen's Association, Inc.
Manchester Dairy System, Inc.
Milton Cooperative Dairy Corp.
Mt. Mansfield Coop Creamery and Grain Association, Inc.
New England Milk Producers' Association.
Northern Farms Cooperative, Inc.
Richmond Cooperative Association, Inc.
St. Albans Co-operative Creamery, Inc.
Shelburne Co-operative Creamery, Inc.
Tunbridge Co-operative Creamery, Inc.
United Farmers of New England, Inc.
Vermont Cooperative Creameries, Inc.
H. P. Hood & Sons, Inc.

The material issues presented on the record of the hearing concerned the question of whether Class I milk for the Boston market should be priced by a proposed formula based on the relative changes in the index of wholesale commodity prices in the United States, an index representing changes in dairy feed and farm labor costs in the Boston milkshed, and an index of New England department store sales, with appropriate seasonal price differences and with a special automatic adjustment in case of shortage or surplus in the market.

The pricing plan, which was sponsored by the 18 cooperative associations and one handler, was developed by a group of economists familiar with New England marketing problems. The group met at the request of the Dairy Branch and the market administrator when it appeared that the formula now contained in Order No. 4 did not at all times maintain prices in accordance with the standards prescribed in the act, as was demonstrated by the need to issue a series of suspension orders. These economists, who had appeared previously at hearings to testify concerning Class I prices and had otherwise indicated an interest in Class I pricing, pooled their experiences on this problem and developed the proposed formula as one guide in establishing Class I prices under the standards prescribed by the act. Seven of the economists who participated in the preparation of the recommended plan testified at the hearing in support of its adoption.

Findings and conclusions. The following findings and conclusions on the material issues are based upon the evidence introduced at the hearing and the record thereof.

Need for automatic price adjustments. Rapid changes in price levels and in other economic conditions during recent years emphasize the need for a method of determining the price for Class I milk which will assure prompt adjustment to these changing conditions.

These price adjustments should be made with sufficient promptness to assure reasonable stability in the market. To achieve that stability they must follow established trends in other price movements and shifts in supply and demand conditions. There is needed in the order a method of bringing about price changes as soon as changed conditions can be recognized from published current measures of economic conditions affecting the supply of and the demand for milk in the market. There is in the order at present a formula for determining the price for Class I milk based on the market prices of butter and nonfat dry milk. This formula, however, has been suspended from time to time since its adoption June 1, 1946, because the market prices of

butter and nonfat dry milk failed at times to reflect with reasonable accuracy changes in general economic conditions of supply and demand in the marketing area. Furthermore, very little butter, nonfat dry milk, evaporated milk, or whole milk cheese is manufactured in the supply area of this market, and the marketing area is not generally in direct competition with manufacturing plants for the supply of milk.

Index factors to be used. The proposed formula for determining the price of Class I milk would utilize the index of wholesale prices in the United States, an index representing costs of grain and farm labor in the milkshed, and the index of department store sales for the Boston Federal Reserve District.

Cost of milk production in terms of prices farmers pay for commodities used in producing milk in relation to prices received for milk is an important influence on the total of milk production for this market. The price of feeds, which is specified in the Act as a factor which should be reflected in the price of milk under marketing agreements or orders, is the most important single item in the cost of milk production in this area. It is included in the proposed formula in the form of an index of recognized average prices of dairy ration in the supply area. Such an index has been developed from the average retail prices per ton of dairy ration in the Boston milkshed. These average prices have been compiled and published by the market administrator for a number of years and have been found by the trade to be a reliable and accurate reporting of such prices. These dairy ration prices are now reported by the United States Department of Agriculture.

The composite farm wage rate in the states comprising the supply area, which wage rate is compiled and published by the United States Department of Agriculture, is a measure of the factor next in importance to dairy feed in the cost of producing milk. These two items, grain and labor, are the principal cost items in New England dairy farming which require current cash outlays, and constitute about 60 percent of the total cost of milk production. Evidence shows that the relative importance of the costs of grain and labor in relation to each other is fairly uniform throughout the supply area, and that there has been little change historically in the relationship of total cost of grain and labor to the total costs of dairy farming. Dairy farm management surveys in the supply area indicate the relative outlay for grain is one and one-half times that for labor. It, therefore, appears proper to average indexes of dairy ration prices and composite farm wage rates, using a weight of one and one-half for dairy ration and a weight of one for wage rates, to form an average grain-labor cost index applicable to dairy farming in this area. The labor element of the proposed grain-labor index would be an average for four states in the supply area, Maine, Vermont, New Hampshire, and Massachusetts, weighted in accordance with the proportionate amounts of milk received from each, with the quantity of milk received from eastern New York included in the Vermont weight since production conditions are similar in these areas. (The weights used in the proposed formula are: Vermont 77; Maine 10; New Hampshire 7; and Massachusetts 6.) The grain element of the proposed index would be an index indicative of dairy ration prices in the whole supply area.

The index of wholesale prices in the United States, which is compiled and published by the United States Department of Labor, is a recognized measure of changes in the general price level. It is a measure of changes in all prices, and so reflects the various general levels of prices at which the demand for all products and the supply of all products balance. In a general way, therefore, it reflects changes in the costs affecting the supply of milk and changes in demand for all commodities including milk.

The Boston Federal Reserve District Index of Department Store Sales, which is compiled and published by the Federal Reserve System, reflects changes in demand for a large group of consumer goods in the New England area. Evidence shows that the volume of money spent for milk in the marketing area has varied closely in line with this index. However, the frequent small movements up and down from month to month exhibited by this index appear inconsistent with the more steady demand for milk. For this reason the index should be used as a moving average for the latest 3 months for which the index is obtainable.

The proposed formula including the factors listed above which reflect economic conditions affecting the supply of and demand for milk in the marketing area as required by the act, would give equal weight to the cost factor, the demand factor, and the index of wholesale prices representing general economic conditions. The index of each of these three factors would refer to a 1925–29 base equal to 100. The formula price indicated by this method of weighting the index numbers was judged on the basis of comparison with actual prices for 1921 to 1947. On the basis of the data presented in the record, during the period 1921–47, inclusive, the proposed formula would have provided prices for Class I milk which differed in some periods from the price actually paid for Class I milk, but the general trend and level would have been close to the actual prices. It appears that in periods when the proposed formula would have provided Class I prices considerably different from the prices actually paid, the price changes provided by the proposed formula would have been more responsive to economic conditions affecting the supply of and demand for milk, except during the period of general price control, when normal movement of prices was restrained.

During the four years 1943 through 1946 shortages of milk in the marketing area have occurred each fall. The most recent data in the record on consumption of fluid milk in the marketing area indicate a lower level of consumption in 1947 than in 1946, but after allowing for normal seasonal variation in demand it appears that the trend has leveled off and a continued high level of milk consumption is indicated. The record shows that in the fall of 1947 farmers in the supply area were paying prices for dairy ration 20 to 25 percent over prices paid in the fall of 1946; that over-all costs in dairy farm operations had increased in excess of 10 percent; that labor costs have increased, but to a lesser extent. The formula indicated at the time of the hearing the need for prices 44 cents per hundredweight higher than it indicated for the same months a year earlier, and 44 cents higher than the actual prices effective at the time of the hearing. In view of these repeated shortages, a high level of demand, and increased costs of production, the higher level of Class I prices indicated by the formula is necessary to maintain the market supply.

Seasonal price adjustments. Seasonal adjustments in the level of the Class I price are needed to encourage a more even seasonal pattern of receipts from producers.

Experience in recent years has shown the need for a seasonal price pattern which is more effective in increasing fall and winter production relative to spring and summer production. The lack of seasonal adjustment in Class I prices during the war years probably accounted, in part, for the increased seasonality of receipts during that period. The increase of seasonality in receipts is shown by the changes in the ratio of daily average deliveries in November and December to deliveries in May and June in 1938 and years following. In 1938 daily average deliveries in November and December were about 61 percent of daily average deliveries in May and June; in 1939 the percentage was 62.5; in 1940, 63.9 percent; in 1941, 64 percent; in 1942, 60.4 percent; in 1943, 55.9 percent; in 1944, 58.9 percent; in 1945, 51.2 percent. In 1946, when the percentage was 60.1, the fall receipts were probably influenced by the substantial increase in the Class I price following the removal of price controls as of June 30, 1946, and unusually favorable production conditions.

During the period 1937 through 1940 the blend price for all milk purchased averaged 40 percent higher in November and December than the May–June average blend price. During this same period, November receipts were 60 to 65 percent of June receipts. Under present conditions, with a much higher percentage of Class I milk utilized, a seasonal differential of 88 cents per hundredweight in Class I price will produce about a 40 percent seasonal variation in the blend price for all milk. Under present conditions and at present price levels an 88-cent seasonal variation in Class I prices is needed to encourage a seasonal pattern of receipts more nearly approaching the pre-war pattern.

A seasonal pricing pattern with changes at the beginning of each calendar quarter appears suited to the need for seasonal pricing. May and June are recognized as the months of heaviest production and November and December are generally the months of shortest supply. Since producers receive payment for their milk in the month following the month in which they market it, the impact of a price change is de-

layed about one month. Price changes one month in advance of each of these extreme periods will emphasize the seasonal price by prior announcement and earlier influence on the payments made to producers. Prices halfway between the seasonal high and low, for the first and third quarters of the year, are desirable in order to give a smoother adjustment to changing conditions between the flush pasture season of the spring and the short season of the fall.

Surplus and shortage adjustment. An automatic adjustment to raise or lower the formula price if receipts from producers are clearly out of proportion to Class I sales is a desirable feature of the formula. The record indicates that if the Class I price is at such a level that the market supply increases from year to year while fluid milk sales are constant or declining the percentage of Class II milk will increase and the blended price will decline. The best interest of the public and producers requires that the Class I price be adjusted downward under these conditions. If market receipts of milk fail to keep pace with Class I sales a prompt upward adjustment of the price will tend to effect the disparity.

The committee of economists recommended that this supply adjustment should operate to increase the price 44 cents per hundredweight above the level which the formula would otherwise yield if the total Class II milk (all milk except Class I) for the 12 preceding months had been less than 33 percent of the total receipts from producers during the same period. Conversely the price would be decreased 44 cents per hundredweight if this Class II percentage exceeded 41.

In the 10-year period for which data were available for study, these limits were exceeded only in periods of recognized excess or shortage.

A price adjustment to correct a supply situation needs to be large enough to focus attention upon it and bring about a readjustment of supply and sales trends as soon as possible. At the present price level the recommended price adjustment of 44 cents per hundredweight is regarded sufficient to restore the balance of supplies to sales.

Any adjustment smaller than 44 cents would not bring about the desired adjustment as quickly.

With a seasonal pattern of production similar to that of the pre-war years, the committee estimated that the minimum reserve for the market should be 33 percent Class II milk for the entire year. The 33 percent reserve was calculated to insure a reserve of 15 percent in the shortest production month if the seasonal pattern of production was equal to the pre-war pattern. The computation of a 12-month average reserve was recommended to remove the seasonal influence from the reserve requirement and to limit this kind of adjustment to trends which were indicated by several months experience.

The maximum reserve which the market could reasonably bear was calculated on an annual basis by combining the pre-war seasonality of receipts from producers and a maximum reserve of 25 percent in the lowest production month.

The years in which the Class II percentage fell outside these limits were studied by the committee. They found that market opinion generally would have considered the market to have been more than adequately supplied in those periods when the annual total of Class II milk exceeded 41 percent of receipts from producers. It would have been generally conceded also that the market was not adequately supplied when the annual Class II percentage was less than 33 percent.

In addition to the limits of 33 and 41 percent reserve on a 12-month basis, the proposal included a device which would prevent the price from dropping into the normal price bracket in the 12 months following a month in which the reserve fell below 15 percent even though the 12-month average reserve climbed above 33 percent. The necessity for such maintenance of the Class I price for a 12-month period was not established by the record.

The evidence shows that some part of this reserve is required for Class II sales. Furthermore, the fact that the market reserve fell below 15 percent in one month cannot be considered indicative that it has developed a real shortage unless the relationship during the rest of the year supports that view. The demands of markets outside Boston for Class I milk are highly variable and the sales one year are not indicative of the next.

Since each of these factors will have much more effect on a 1-month figure than a 12-month average, the recommendation to forestall the operation of this adjustment if in any of the previous 12 months the percentage of Class II was less than 15 should not be adopted. If a situation arises in which the limits recommended herein are not reasonable, the remedy should be found at a public hearing where these other variable factorss can be considered.

A further safeguard in the opreation of this adjustment for surplus or shortage conditions in the market appears to be necessary. The periods of poor adjustment between the supply of milk and the Class I sales have been associated at times with rapidly rising or falling prices. During such periods the normal lag in price adjustments based on indexes published in a previous period results in a price somewhat lower or somewhat higher than current conditions warrant. Since the surplus-shortage adjustment is designed to adjust for long-time trends and not to offset the recognized lag in the use of previously published factors, the operation of this adjustment should be halted whenever it would produce a price more than 88 cents above or below the price established for the same month in the previous year. A change of 88 cents per hundredweight as reflected by the index factors over a period of one year would probably be brought about by a substantial movement in the price level.

The purpose of the surplus and shortage adjustment is to bring about a 44-cent increase or decrease in the proposed formula Class I prices if such prices during previous months have not brought forth a supply of milk in relation to Class I sales within the limits which appear to be necessary for an adequate, but not an excessive, supply of milk for the market the year around. The effective date of the surplus and shortage adjustment provisions of the proposed amendment should, therefore, be deferred until the proposed formula prices have been in effect for a reasonable period of time. January 1, 1949, has been selected as the effective date for these special adjustment provisions because such date will permit the expiration of a reasonable time during which the market will experience the effect of the proposed new prices on the supply of milk during high and low production periods.

Minimum amount of price change at one time. Changes in the Class I price should be made in multiples of 22 cents per hundredweight. A change of 22 cents per hundredweight in the price for Class I milk to producers has been established in this market since June 1946.

Some of the proponents of the formula suggested that price changes be made in 44 rather than 22-cent intervals. If changes were made in 44-cent intervals, the adjustment of supplies and sales to economic conditions would be less prompt. Although it might be argued that the chances are as good for the price to be just over the bracket line on the high side as they are for the price to be just under the line on the low side, considerable dissatisfaction might develop if the formula index hovered for several months just under the point which would increase the price 44 cents. The importance of such borderline conditions is halved by the use of 22-cent brackets.

Extension of price schedule. At the hearing a proposal was made to extend the price schedule from a high of $6.09 for first and third quarter prices to a high of $7.85 and to eliminate from the schedule the price brackets below $3.23 for the first and third quarters. At the time of the hearing the formula index factor fell in the 174–180 bracket with the recommended schedule providing for only two more bracket increases, equivalent to 22 cents each.

The order now contains a provision to extend the formula prices at the same rate as that established by the present schedule. This type of provision adapted to the proposed formula would permit adjustments in line with the standards represented by the formula. The formula was studied in its application to price levels as low as those provided for in the lower price brackets. Although some questions were raised concerning the amounts of adjustments in the lower price brackets for seasonal and other supply adjustments, no criticism of the basic formula in these lower price ranges was offered. The formula table recommended at the hearing was the most reasonable schedule offered and should be adopted with the proviso that it may be extended at the same rate.

Plant handling and transportation differentials. A suggestion was made at the hearing that the revised rates of plant handling and transportation differentials effective November 1, 1947 by reason of a revised tariff schedule applicable on that date, be stated in an

amendment to the order. Since that paragraph of the order is not affected by this amendment and the present provision provides for automatic adjustments, no change should be made in the order schedule at this time.

Relationship to other market prices. The hearing to consider this proposed method of pricing Class I milk for the Boston market was called to consider also the adoption of similar formulas for pricing Class I milk in the orders regulating the handling of milk in the Lowell-Lawrence and Fall River, Massachusetts milk marketing areas. Decisions are being issued to the effect that adoption of this type of formula is recommended in these two Massachusetts markets. The record indicates that Class I price changes in these smaller markets deriving their supplies from a production area similar to that for Boston and to a great extent overlapping that production area should be closely related to price changes in the Boston market.

The relationship of prices resulting from the formula to prices which might be established in other large markets, particularly the Metropolitan New York market was considered important in view of the possible shifts in supplies and unstable market conditions which might result from a continued disparity of prices. The necessity for general coordination between prices in these two markets was established with no dissenting opinions or evidence offered. However, the degree of exactness with which prices in the Boston market and prices in the New York market need to move together is important in the consideration of this proposed formula.

The degree of exactness with which prices in the Boston market and prices in the New York market need to move together was considered at the hearing. Since the orders in these two markets are not identical and the utilization of milk differs substantially, a precise alignment of the Boston and New York fluid milk prices at some exact amount cannot produce each month the same blend prices paid to producers in areas where the two markets compete for milk. Producers in these areas are accustomed to small differences in the prices offered by the two markets from month to month. Such differences in the blend prices have occurred from time to time without causing unsettled market conditions.

The Class I prices in the two markets differed by varying amounts in the period 1938–1947. For example, the Boston price for 3.7 percent milk at the 201–210 mile zone exceeded the New York 201–210 mile zone by 37 cents in May 1940, but in December of the same year the New York price exceeded the Boston price by 14 cents. The alignment of Class I milk prices in these major milk markets needs to be considered, therefore, over a period of time and in view of the actual conditions of supplies and sales in each market. Each of the index factors in the formula reflects to some extent conditions outside as well as inside the local milkshed. Since the formula would reflect national as well as local factors the prices determined by it would be influenced by such conditions. The same national factors and some of the local factors would be expected to influence prices in the New York milksheds.

General. (a) The proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, and all of the terms and conditions thereof will tend to effectuate the declared policy of the act;

(b) The proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, regulates the handling of milk in the same manner and is applicable only to persons in the respective classes of industrial and commercial activity specified in the said tentatively approved marketing agreement upon which the hearings have been held; and

(c) The prices calculated to give milk produced for sale in the said marketing area a purchasing power equivalent to the purchasing power of such milk as determined pursuant to section 2 and section 8 (e) of the act are not reasonable in view of the price of feed, available supplies of feeds, and other economic conditions which affect market supply and demand for such milk, and the minimum prices specified in the proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest.

Rulings on proposed findings and conclusions. Briefs were filed on behalf of New England Milk Producers Association, Milk Dealers Association of Metropolitan New York, Inc., Independent Cooperative Association, Inc., Eastern Dairy Cooperative Association, Inc., and Massachusetts Restaurant Association. The proposed findings and conclusions contained in the briefs, and the arguments in support thereof, were carefully considered along with the evidence in the record in making the findings and reaching the conclusions hereinbefore set forth.

The Milk Dealers Association of Metropolitan New York, Inc., expressed concern over the relationship which would exist between New York and Boston Class I prices as a result of the adoption of the proposed formula. The record does indicate that the relationship between prices in these two principal markets is important in maintaining orderly conditions of marketing. There is nothing in the record to indicate that the adoption of the proposed formula for the Boston market will make the problem of maintaining an appropriate relationship over significant periods of time more difficult than at present.

To the extent that any of the proposed findings and conclusions are inconsistent with the findings and conclusions hereinbefore set forth, the request to make such findings or reach such conclusions is denied on the basis of the facts found and stated in connection with the conclusions in this recommended decision.

Recommended Amendment to the Order. The following amendment to the order, as amended, is recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The amendments to a proposed marketing agreement are not repeated because they would be identical to the following:

1. Delete § 904.7 (a) (1) and substitute the following:

(a) *Class I prices.* (1) For Class I milk received from producers, each pool handler shall pay, in the manner set forth in § 904.9 and subject to the differentials set forth in paragraph (c) of this section, not less than the price per hundredweight determined for each month pursuant to this subparagraph. In determining the Class I price for each month the latest reported figures available to the market administrator on the 25th day of the preceding month shall be used in making the following computations, except that if the 25th day of the preceding month falls on a Saturday, Sunday, or legal holiday, the latest reported figures available on the last work day preceding the 25th shall be used:

(i) Divide by .98 the monthly wholesale price index for all commodities as reported by the Bureau of Labor Statistics, United States Department of Labor, with the year 1926 as the base period.

(ii) Divide by 3 the sum of the three latest monthly indexes of department store sales in the Boston Federal Reserve District adjusted for seasonal variations, as reported by the Federal Reserve System with the years 1935–39 as the base period, and divide the result so obtained by 1.26.

(iii) Compute an index of grain-labor costs in the Boston milkshed in the following manner:

(*a*) Compute the simple average of the last 4 average retail prices per ton of dairy ration in the Boston milkshed reported weekly by the United States Department of Agriculture, divide by 0.5044, and multiply by 0.6.

(*b*) Compute the weighted average of the monthly composite farm wage rates reported by the United States Department of Agriculture for the latest available month for Maine, Massachusetts, New Hampshire, and Vermont; divide by 0.5952, and multiply by 0.4. In computing the weighted average, weight the respective rates as follows:

State:	Percent
Maine	10
Massachusetts	6
New Hampshire	7
Vermont	77

(*c*) Add the results determined pursuant to subdivisions (*a*) and (*b*) of this subdivision.

(iv) Divide by 3 the sum of the final amounts computed pursuant to the preceding subdivisions of this subparagraph. Express the result as a whole number by dropping fractions of less than one-half or by raising fractions of one-half or more to the next whole number. The result shall be known as the formula index.

(v) Subject to the succeeding subdivisions of this subparagraph, the Class I price per hundredweight for milk received from producers at plants located

in the 201–210-mile zone shall be as shown in the following table.

CLASS I PRICE SCHEDULE

Formula index	Class I price per hundredweight		
	Jan.-Feb.-Mar.-July-Aug.-Sept.	Apr.-May-June	Oct.-Nov-Dec.
50–56	$1.69	$1.25	$2.13
57–63	1.91	1.47	2.35
64–70	2.13	1.69	2.57
71–77	2.35	1.91	2.79
78–84	2.57	2.13	3.01
85–90	2.79	2.35	3.23
91–97	3.01	2.57	3.45
98–104	3.23	2.79	3.67
105–111	3.45	3.01	3.89
112–118	3.67	3.23	4.11
119–125	3.89	3.45	4.33
126–132	4.11	3.67	4.55
133–139	4.33	3.89	4.77
140–146	4.55	4.11	4.99
147–152	4.77	4.33	5.21
153–159	4.99	4.55	5.43
160–166	5.21	4.77	5.65
167–173	5.43	4.99	5.87
174–180	5.65	5.21	6.09
181–187	5.87	5.43	6.31
188–194	6.09	5.65	6.53

If the formula index is more than 194 the price shall be increased at the same rate as would result from further extension of this table at the rate of extension in the six highest index brackets.

(vi) Effective on and after January 1, 1949, the Class I price shall be 44 cents less than the price otherwise applicable pursuant to subdivision (v) of this subparagraph if more than 41 percent of the milk received by all pool handlers from producers during the 12-month period ending with the second preceding month was Class II milk, except that if the operation of this provision would reduce the Class I price more than 88 cents below the Class I price for the same month of the preceding year, its application shall be limited to only such portion of the 44-cent reduction as will result in a Class I price not less than the Class I price for the same month of the preceding year less 88 cents

(vii) Effective on and after January 1, 1949, the Class I price shall be 44 cents more than the price otherwise applicable pursuant to subdivision (v) of this subparagraph if less than 33 percent of the milk received by all pool handlers from producers during the 12-month period ending with the second preceding month was Class II milk, except that if the operation of this provision would increase the Class I price more than 88 cents above the Class I price for the same month of the preceding year, its application shall be limited to only such portion of the 44-cent increase as will result in a Class I price not greater than the Class I price for the same month of the preceding year plus 88 cents.

(viii) Notwithstanding the provisions of the preceding subdivisions of this subparagraph, the Class I price for any of the months of March through June of each year shall not be higher than the Class I price for the immediately preceding month; and the Class I price for any of the months of September through December of each year shall not be lower than the Class I price for the immediately preceding month.

2. In § 904.7, delete subparagraph (1) of paragraph (f), and substitute the following:

(1) He shall announce the Class I price for each month on or before the 25th day of the preceding month.

Issued at Washington, D. C., this 27th day of February 1948.

[SEAL] S. R. NEWELL,
Acting Assistant Administrator.

[F. R. Doc. 48–1844; Filed, Mar. 1, 1948; 8:55 a. m.]

[7 CFR, Part 934]

HANDLING OF MILK IN LOWELL-LAWRENCE, MASS., MILK MARKETING AREA

NOTICE OF RECOMMENDED DECISION AND OPPORTUNITY TO FILE WRITTEN EXCEPTIONS WITH RESPECT TO PROPOSED MARKETING AGREEMENT AND TO PROPOSED AMENDMENT TO ORDER

Pursuant to the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders (7 CFR Supps. 900.1 et seq., 11 F. R. 7737, 12 F. R. 1159, 4904), notice is hereby given of the filing with the Hearing Clerk of this recommended decision of the Assistant Administrator, Production and Marketing Administration, United States Department of Agriculture, with respect to a proposed marketing agreement and a proposed amendment to the order, as amended, regulating the handling of milk in the Lowell-Lawrence, Massachusetts, milk marketing area, to be made effective pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.) hereinafter referred to as the "act".

Interested parties may file exceptions to this recommended decision with the Hearing Clerk, Room 1844, South Building, United States Department of Agriculure, Washington 25, D. C., not later than the close of business on the seventh day after the publication of this recommended decision in the FEDERAL REGISTER. Exceptions should be filed in quadruplicate.

Prelimiary statement. A public hearing on the record of which the proposed marketing agreement and order were formulated was called by the Production and Marketing Administration, United States Department of Agriculture, following receipt of a proposed amendment to the tentative marketing agreement and the order, as amended, filed by the Lowell-Lawrence Sales Committee of the New England Milk Producers' Association. The hearing was held jointly on the consideration of similar amendments to the orders regulating the handling of milk in the Greater Boston, Fall River, and Lowell-Lawrence markets at Skowhegan, Maine, St. Johnsbury, Vermont, and Boston, Massachusetts, October 20–24, 1947, pursuant to a notice published in the FEDERAL REGISTER (12 F. R. 6748) on October 14, 1947.

The material issues presented on the record were concerned with the question of whether Class I milk for the Boston market should be priced by a proposed formula based on the relative changes in the index of wholesale commodity prices in the United States, an index representing changes in dairy feed and farm labor costs in the Boston milkshed, and the index of New England department store sales, with appropriate seasonal price differences and with a special automatic adjustment in case of shortage or surplus in the market.

The issue with respect to the proposed amendment to the Lowell-Lawrence order involved the further question of whether the proposed method of pricing, even though found desirable for Boston, should be adopted for the Lowell-Lawrence market.

A recommended decision with respect to the proposed method of pricing Class I milk for the Boston market issued simultaneously herewith contains the findings and conclusions with respect to the proposed formula for the Boston order.

Findings and conclusions. The following findings and conclusions on material issues are based upon the evidence introduced at the hearing and the record thereof.

The findings and conclusions made in the recommended decision issued simultaneously herewith with respect to the proposed method of pricing Class I milk under the order, as amended, regulating the handling of milk in the Greater Boston, Massachusetts, marketing area (*supra*), are adopted as the findings and conclusions of this decision as though fully set forth herein except insofar as such findings and conclusions may be modified by the supplementary findings and conclusions hereinafter set forth.

The Boston and Lowell-Lawrence milk markets are so near to each other and so interrelated that a close correlation of price changes is necessary for stable market conditions. The milksheds of these two markets overlap so that there is ample opportunity for producers to shift their supply from one market to the other if different prices are offered. The Lowell-Lawrence market draws a considerable portion of its supply during certain seasons from Boston pool plants. Any difference in prices would result in unequal pricing of milk from local producers and from Boston plants.

The proposed method of formula pricing should be established for the Lowell-Lawrence market to maintain close relationship to the Boston price. For that reason the factors determining the price should be the same in each order with the resultant prices reflecting the established differentials.

The record indicates that the schedule of prices for the Lowell-Lawrence market should maintain the price for Lowell-Lawrence about equal to that for producers under the Boston order delivering milk to Boston city plants.

It was proposed at the hearing that the Lowell-Lawrence order should provide for automatic adjustment of the Lowell-Lawrence price each time the Boston city prices is adjusted automatically to reflect changes in freight rates on shipments of milk to Boston. The need for such precise alignment, in view of other differences between the two orders, is not established by the record.

The formula should be adopted with the schedule of prices considered at the hearing which was based on an alignment with Boston city prices at the freight rates effective November 1, 1947.

General. (a) The proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, and all of the terms and conditions thereof will tend to effectuate the declared policy of the act;

(b) The proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, regulates the handling of milk in the same manner and is applicable only to persons in the respective classes of industrial and commercial activity specified in the said tentatively approved marketing agreement upon which the hearings have been held; and

(c) The prices calculated to give milk produced for sale in the said marketing area a purchasing power equivalent to the purchasing power of such milk as determined pursuant to section 2 and section 8 (e) of the act are not reasonable in view of the price of feed, available supplies of feed, and other economic conditions which affect market supply and demand for such milk, and the minimum prices specified in the proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, are such as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest.

Rulings on proposed findings and conclusions. A brief was filed on behalf of the New England Milk Producers' Association with particular reference to the proposed amendment to the Lowell-Lawrence order. The proposed findings and conclusions contained in the brief were carefully considered, along with the evidence of the record, in making the findings and reaching the conclusions hereinbefore set forth. To the extent that such proposed findings and conclusions are inconsistent with the findings and conclusions contained herein, the requests to make such findings and to reach such conclusions are denied on the basis of the facts found and stated in connection with the conclusions hereinbefore set forth.

Recommended amendment to the order. The following amendment to the order, as amended, is recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The amendments to a proposed marketing agreement are not repeated because they would be identical to the following:

1. In § 934.3 (a) add a new subparagraph to read as follows:

(13) "Boston order" means the Federal order, as amended, issued by the Secretary, regulating the handling of milk in the Greater Boston, Massachusetts, marketing area.

2. Delete § 934.6 (a) (1) and substitute the following:

(1) For Class I milk delivered from producers' farms to such handler's plant located within 20 miles from the City Hall in Lowell or Lawrence, not less than the price per hundredweight determined for each month pursuant to this subparagraph. In determining the Class I price for each delivery period the latest reported figures available to the market administrator on the 25th day of the preceding month shall be used in making the following computations, except that if the 25th day of the preceding month falls on a Saturday, Sunday or legal holiday, the latest reported figures available on the last work day preceding the 25th shall be used.

(i) Divide by 0.98 the monthly wholesale price index for all commodities as reported by the Bureau of Labor Statistics, United States Department of Labor, with the year 1926 as base.

(ii) Divide by 3 the sum of the three latest monthly indexes of department store sales in the Boston Federal Reserve District adjusted for seasonal variations as reported by the Federal Reserve System with the years 1935–39 as base, and divide the result so obtained by 1.26.

(iii) Compute an index of grain-labor costs in the Boston milkshed in the following manner:

(*a*) Compute the simple average of the last 4 average retail prices per ton of dairy ration in the Boston milkshed reported weekly by the United States Department of Agriculture, divide by 0.5044 and multiply by 0.6.

(*b*) Compute the weighted average of the monthly composite farm wage rates reported by the United States Department of Agriculture for the latest month available for Maine, Massachusetts, New Hampshire, and Vermont; divide by .5952, and multiply by .4. In computing the weighted average, weight the respective rates as follows:

State:	*Percent*
Maine	10
Massachusetts	6
New Hampshire	7
Vermont	77

(*c*) Add the results determined pursuant to (*a*) and (*b*) of this subdivision.

(iv) Divide by 3 the sum of the final amounts computed pursuant to the preceding subdivisions of this subparagraph. Express the result as a whole number by dropping fractions of less than one-half or by raising fractions of one-half or more to the next whole number. The result shall be known as the formula index.

(v) Subject to the succeeding subdivisions of this subparagraph, the Class I price per hundredweight shall be as shown in the following table.

CLASS I PRICE SCHEDULE

Formula index	Class I price per hundredweight		
	Jan.-Feb.-Mar.-July-Aug.-Sept.	Apr.-May-June	Oct.-Nov.-Dec.
50–56	$2.18	$1.74	$2.62
57–63	2.40	1.96	2.84
64–70	2.62	2.18	3.06
71–77	2.84	2.40	3.28
78–84	3.06	2.62	3.50
85–90	3.28	2.84	3.72
91–97	3.50	3.06	3.94
98–104	3.72	3.28	4.16
105–111	3.94	3.50	4.38
112–118	4.16	3.72	4.60
119–125	4.38	3.94	4.82
126–132	4.60	4.16	5.04
133–139	4.82	4.38	5.26
140–146	5.04	4.60	5.48
147–152	5.26	4.82	5.70
153–159	5.48	5.04	5.92
160–166	5.70	5.26	6.14
167–173	5.92	5.48	6.36
174–180	6.14	5.70	6.58
181–187	6.36	5.92	6.80
188–194	6.58	6.14	7.02

If the formula index is more than 194 the price shall be increased at the same rate as would result from further extension of this table at the rate of extension in the six highest index brackets.

(vi) Effective on and after January 1, 1949, the Class I price shall be 44 cents less than the price otherwise applicable pursuant to subdivision (v) of this subparagraph if, under the provisions of the Boston order, more than 41 percent of the milk received by all pool handlers from producers during the 12-month period ending with the second preceding month was Class II milk, except that if the operation of this provision would reduce the Class I price more than 88 cents below the Class I price for the same month of the preceding year, its application shall be limited to only such portion of the 44-cent reduction as will result in a Class I price not less than the Class I price for the same month of the preceding year less 88 cents.

(vii) Effective on and after January 1, 1949, the Class I price shall be 44 cents more than the price otherwise applicable pursuant to subdivision (v) of this subparagraph if, under the provisions of the Boston order, less than 33 percent of the milk received by all pool handlers from producers during the 12-month period ending with the second preceding month was Class II milk, except that if the operation of this provision would increase the Class I price more than 88 cents above the Class I price for the same month of the preceding year, its application shall be limited to only such portion of the 44-cent increase as will result in a Class I price not greater than the Class I price for the same month of the preceding year plus 88 cents.

(viii) Notwithstanding the provisions of the preceding subdivisions of this subparagraph, the Class I price for any of the months of March through June of each year shall not be higher than the Class I price for the immediately preceding month, and the Class I price for any of the months of September through December of each year shall not be lower than the Class I price for the immediately preceding month.

Issued at Washington, D. C. this 27th day of February 1948.

[SEAL] S. R. NEWELL,
Acting Assistant Administrator.

[F. R. Doc. 48-1845; Filed, Mar. 1, 1948; 8:55 a. m.]

[7 CFR, Part 947]

HANDLING OF MILK IN FALL RIVER, MASS., MILK MARKETING AREA

NOTICE OF RECOMMENDED DECISION AND OPPORTUNITY TO FILE WRITTEN EXCEPTIONS WITH RESPECT TO PROPOSED MARKETING AGREEMENT AND TO PROPOSED AMENDMENT TO ORDER

Pursuant to the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders (7 CFR Supps. 900.1 et seq., 11 F. R. 7737, 12 F. R. 1159, 4904), notice is hereby given of the filing with the Hearing Clerk of this recommended de-

cision of the Assistant Administrator, Production and Marketing Administration, United States Department of Agriculture, with respect to a proposed marketing agreement and a proposed amendment to the order, as amended, regulating the handling of milk in the Fall River, Massachusetts, milk marketing area, to be made effective pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, (7 U. S. C. 601 et seq.) hereinafter referred to as the "act."

Interested parties may file exceptions to this recommended decision with the Hearing Clerk, Room 1844, South Building, United States Department of Agriculture, Washington 25, D. C., not later than the close of business on the seventh day after the publication of this recommended decision in the FEDERAL REGISTER. Exceptions should be filed in quadruplicate.

Preliminary statement. A public hearing on the record of which the proposed marketing agreement and order were formulated was called by the Production and Marketing Administration, United States Department of Agriculture, following receipt of a proposed amendment to the tentative marketing agreement and the order, as amended, filed by the Joint Fall River Sales Committee of the New England Milk Producers' Association and the Fall River Milk Producers' Association. The hearing was held jointly on the consideration of similar amendments to the orders regulating the handling of milk in the Greater Boston, Lowell-Lawrence, and Fall River markets at Skowhegan, Maine, St. Johnsbury, Vermont, and Boston, Massachusetts, October 20–24, 1947, pursuant to a notice published in the FEDERAL REGISTER (12 F. R. 6748 on October 14, 1947.

The material issues presented on the record were concerned with the question of whether Class I milk for the Boston market should be priced by a proposed formula based on the relative changes in the index of wholesale commodity prices in the United States, an index representing changes in dairy feed and farm labor costs in the Boston milkshed, and an index of New England department store sales, with appropriate seasonal price differences and with a special automatic adjustment in case of shortage or surplus in the market.

The issue with respect to the proposed amendment to the Fall River order involved the further question of whether the proposed method of pricing, even though found desirable for Boston, should be adopted for the Fall River market.

A recommended decision with respect to the proposed method of pricing Class I milk for the Boston market issued simultaneously herewith contains the findings and conclusions with respect to the proposed formula for the Boston order.

Findings and conclusions. The following findings and conclusions on material issues are based upon the evidence introduced at the hearing and the record thereof.

The findings and conclusions made in the recommended decision issued simultaneously herewith with respect to the proposed method of pricing Class I milk under the order, as amended, regulating the handling of milk in the Greater Boston, Massachusetts, marketing area, (*supra*), are adopted as the findings and conclusions of this decision as though fully set forth herein, except insofar as such findings and conclusions may be modified by the supplementary findings and conclusions hereinafter set forth.

The Fall River milk market draws a considerable portion of its supply from Boston milk plants during most of the year. That part of the market supply received from Boston plants is priced at the Class I price established by the Boston order. The differential between the price at Boston plants and the price at Fall River plants was 29 cents per hundredweight at the time of the hearing. Fall River is located at a greater distance from the heavy milk supply region of New England and some part of the differential represents the additional cost of transporting milk to this southern Massachusetts city.

The supply of milk from local Fall River producers has not increased in recent years to meet the greater demand for milk in the area. The 29-cent differential in price between Boston and Fall River does tend to direct more milk to the Fall River market where a greater supply is needed.

The proposed method of formula pricing should be established for the Fall River market to maintain close relationship to the Boston price. For that reason the factors determining the price should be the same in each order with the resultant prices reflecting the established differentials.

The record indicates that the schedule of prices for the Fall River market should maintain Class I prices at about the present difference over Boston prices. It was proposed at the hearing that the Fall River order should provide for automatic adjustment of the Fall River price each time the Boston city price is adjusted automatically to reflect changes in freight rates on shipments of milk to Boston. The need for such precise alignment, in view of other differences between the two orders, is not established by the record.

The formula should be adopted with the schedule of prices considered at the hearing which was based on an alignment with Boston city prices at the freight rates effective November 1, 1947.

General. (a) The proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, and all of the terms and conditions thereof will tend to effectuate the declared policy of the act;

(b) The proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, regulates the handling of milk in the same manner and is applicable only to persons in the respective classes of industrial and commercial activity specified in the said tentatively approved marketing agreement upon which the hearings have been held; and

(c) The prices calculated to give milk produced for sale in the said marketing area a purchasing power equivalent to the purchasing power of such milk as determined pursuant to section 2 and section 8 (e) of the act are not reasonable in view of the price of feed, available supplies of feeds, and other economic conditions which affect market supply and demand for such milk, and the minimum prices specified in the proposed marketing agreement and the order, as amended and as hereby proposed to be further amended, are such as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest.

Rulings on proposed findings and conclusions. A brief was filed on behalf of the New England Milk Producers' Association with particular reference to the proposed amendment to the Fall River order. The proposed findings and conclusions contained in the brief were carefully considered, along with the evidence in the record, in making the findings and reaching the conclusions hereinbefore set forth. To the extent that such proposed findings and conclusions are inconsistent with the findings and conclusions contained herein, the request to make such findings and to reach such conclusions are denied on the basis of the facts found and stated in connection with the conclusions hereinbefore set forth.

Recommended amendment to the order. The following amendment to the order, as amended, is recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The amendments to a proposed marketing agreement are not repeated because they would be identical to the following:

1. In § 947.1, add a new paragraph to read as follows:

(q) "Boston order" means the Federal order regulating the handling of milk in the Greater Boston, Massachusetts, marketing area.

2. Delete § 947.6 (a) (1) and substitute the following:

(a) *Class I prices.* (1) Each handler shall pay producers or cooperative associations for their milk containing 3.7 percent butterfat, during each delivery period, in the manner set forth in § 947.8 and subject to the differentials set forth in paragraph (c) of this section, for Class I milk delivered by them, not less than the price per hundredweight determined for each month pursuant to this paragraph. In determining the Class I price for each delivery period, the latest reported figures available to the market administrator on the 25th day of the preceding month shall be used in making the following computations; except that if the 25th day of the preceding month falls on a Saturday, Sunday or legal holiday, the latest reported figures available on the last work day preceding the 25th shall be used:

(i) Divide by .98 the monthly wholesale price index for all commodities as reported by the Bureau of Labor Statistics, United States Department of Labor, with the year 1926 as base.

(ii) Divide by 3 the sum of the three latest monthly indexes of department

store sales in the Boston Federal Reserve District adjusted for seasonal variation as reported by the Federal Reserve System with the years 1935–39 as base, and divide the result so obtained by 1.26.

(iii) Compute an index of grain-labor costs in the Boston milkshed in the following manner:

(a) Compute the simple average of the last 4 average retail prices per ton of dairy ration in the Boston milkshed reported weekly by the United States Department of Agriculture, divide by 0.5044 and multiply by 0.6.

(b) Compute the weighted average of the monthly composite farm wage rates reported by the United States Department of Agriculture for the latest available month for Maine, Massachusetts, New Hampshire, and Vermont; divide by .5952, and multiply by .4. In computing the weighted average, weight the respective rates as follows:

State:	Percent
Maine	10
Massachusetts	6
New Hampshire	7
Vermont	77

(c) Add the results determined pursuant to (a) and (b) of this subdivision.

(iv) Divide by 3 the sum of the final amounts computed pursuant to the preceding subdivisions of this subparagraph. Express the result as a whole number by dropping fractions of less than one-half or by raising fractions of one-half or more to the next whole number. The result shall be known as the formula index.

(v) Subject to the succeeding subdivisions of this subparagraph, the Class I price per hundredweight shall be shown in the following table:

CLASS I PRICE SCHEDULE

Formula index	Class I price per hundredweight		
	Jan.-Feb.-Mar.-July-Aug.-Sept.	Apr.-May-June	Oct.-Nov.-Dec.
50–56	$2.47	$2.03	$2.91
57–63	2.69	2.25	3.13
64–70	2.91	2.47	3.35
71–77	3.13	2.69	3.57
78–84	3.35	2.91	3.79
85–90	3.57	3.13	4.01
91–97	3.79	3.35	4.23
98–104	4.01	3.57	4.45
105–111	4.23	3.79	4.67
112–118	4.45	4.01	4.89
119–125	4.67	4.23	5.11
126–132	4.89	4.45	5.33
133–139	5.11	4.67	5.55
140–146	5.33	4.89	5.77
147–152	5.55	5.11	5.99
153–159	5.77	5.33	6.21
160–166	5.99	5.55	6.43
167–173	6.21	5.77	6.65
174–180	6.43	5.99	6.87
181–187	6.65	6.21	7.09
188–194	6.87	6.43	7.31

If the formula index is more than 194 the price shall be increased at the same rate as would result from further extension of this table at the rate of extension in the six highest brackets.

(vi) Effective on and after January 1, 1949, the Class I price shall be 44 cents less than the price otherwise applicable pursuant to subdivision (v) of this subparagraph if, under the provisions of the Boston order, more than 41 percent of the milk received by all pool handlers from producers during the 12-month period ending with the second preceding month was Class II milk, except that if the operation of this provision would reduce the Class I price more than 88 cents below the Class I price for the same month of the preceding year, its application shall be limited to only such portion of the 44-cent reduction as will result in a Class I price not less than the Class I price for the same month of the preceding year less 88 cents.

(vii) Effective on and after January 1, 1949, the Class I price shall be 44 cents more than the price otherwise applicable pursuant to subdivision (v) of this subparagraph if, under the provisions of the Boston order, less than 33 percent of the milk received by all pool handlers from producers during the 12-month period ending with the second preceding month was Class II milk, except that if the operation of this provision would increase the Class I price more than 88 cents above the Class I price for the same month of the preceding year, its application shall be limited to only such portion of the 44-cent increase as will result in a Class I price not greater than the Class I price for the same month of the preceding year plus 88 cents.

(viii) Notwithstanding the provisions of the preceding subdivisions of this subparagraph, the Class I price for any of the months of March through June of each year shall not be higher than the Class I price for the immediately preceding month; and the Class I price for any of the months of September through December of each year shall not be lower than the Class I price for the immediately preceding month.

Issued at Washington, D. C., this 27th day of February 1948.

[SEAL] S. R. NEWELL,
Acting Assistant Administrator.

[F. R. Doc. 48–1846; Filed, Mar. 1, 1948; 8:55 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[47 CFR, Part 3]

[Docket No. 8747]

ORIGINATION POINT OF PROGRAMS BY STANDARD AND FM BROADCAST STATIONS

NOTICE OF PROPOSED RULE MAKING

1. Notice is hereby given of proposed rule making in the above-entitled matter.

2. Under the Commission's present rules and regulations defining the term "main studio" it is possible for a broadcast station to originate most of its local programs from a place other than the city in which their main studio is located by the device of broadcasting a majority of its station announcements from a studio in the city for which the station is licensed. In the Commission's opinion in determining the location of a station consideration should be given to the place where programs originate and not station announcements. Accordingly, it is proposed to amend the Commission's rules and regulations to accomplish this result.

3. The changes proposed in the Commission rules are as follows:

a. Section 3.12 is repealed and §§ 3.13, 3.14, 3.15, and 3.16 are renumbered respectively as 3.12, 3.13, 3.14 and 3.15.

b. Section 3.30 (a) is amended to read as follows:

(a) Each standard broadcast station shall be considered to be located in the city and state where its main studio is located as shown in its license. A majority of the station's non-network programs (computed on the basis of the amount of time consumed by such programs and not on the basis of the number of such programs) shall originate from such main studio or from other studios or remote points situated in the city in which the station is located.

c. Section 3.205 (a) is amended to read as follows:

(a) Each FM broadcast station shall be considered to be located in the city and state where its main studio is located as shown in its license. A majority of the station's non-network programs (computed on the basis of the amount of time consumed by such programs and not on the basis of the number of such programs) shall originate from such main studio or from other studios or remote points situated in the city in which the station is located.

d. Section 3.205 is repealed.

4. These proposed rules are issued pursuant to the authority of sections 303 (d) and 303 (r) of the Communications Act of 1934.

5. Any interested person who is of the opinion that the proposed amendments should not be adopted, or should not be adopted in the form set forth, may file with the Commission on or before March 19, 1948, a written statement or brief setting forth his comments. The Commission will consider all comments, briefs and arguments presented before taking final action with respect to the proposed rules.

6. Fifteen copies of each brief or written statement should be filed as required by §1.764 of the Commission's rules and regulations.

Adopted: February 20, 1948.
Released: February 24, 1948.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 48–1781; Filed, Mar. 1, 1948; 8:52 a. m.]

NOTICES

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[1646281]

UTAH

NOTICE OF FILING OF PLATS OF SURVEY IN TPS. 7 AND 8 S., R. 22 E., S. L. M., UTAH, ACCEPTED SEPTEMBER 26, 1945

FEBRUARY 20, 1948.

Notice is given that the plat of (1) survey of T. 7 S., R. 22 E., S. L. M., Utah, and (2) plat of dependent resurvey of section 6 and extension survey of a portion of T. 8 S., R. 22 E., S. L. M., Utah, including lands hereinafter described, will be officially filed in the District Land Office, Salt Lake City, Utah, at 10:00 a. m. on April 23, 1948.

The lands affected by the notice are as follows:

SALT LAKE MERIDIAN

T. 7 S., R. 22 E.,
Secs. 1 to 36, inclusive.
T. 8 S., R. 22 E.,
Secs. 1 to 5, inclusive;
Secs. 9 to 14, inclusive;
Sec. 24.

The area described aggregates 32,005.22 acres.

All of the above lands were temporarily withdrawn by the Secretary of the Interior on September 26, 1933 for the Uncompahgre Indians and modified by him August 24, 1945 to permit oil and gas leases.

Anyone having a valid settlement or other right to any of these lands initiated prior to the withdrawal of September 26, 1933, should assert the same within three months from the date on which the plats are officially filed by filing an application under appropriate public-land law, setting forth all facts relevant thereto.

All inquiries relating to these lands should be addressed to the Acting Manager, District Land Office, Salt Lake City, Utah.

FRED W. JOHNSON,
Director.

[F. R. Doc. 48-1761; Filed, Mar. 1, 1948; 8:50 a. m.]

[1646281]

UTAH

NOTICE OF FILING OF PLATS OF DEPENDENT RESURVEY OF A PORTION OF T. 6 S. R., 24 E., AND SURVEY OF TPS. 6 AND 7 S., R. 23 E., S. L. M., UTAH, ACCEPTED FEBRUARY 13, 1945

FEBRUARY 20, 1948.

In Federal Register Document 48-806 appearing on pages 403 and 404 of the issue for Thursday, January 29, 1948, the words "Power Project" in third line of the third paragraph, should read "Public Water Reserve".

FRED W. JOHNSON,
Director.

[F. R. Doc. 48-1762; Filed, Mar. 1, 1948; 8:50 a. m.]

CIVIL AERONAUTICS BOARD

[Docket No. 1666]

AMERICAN OVERSEAS AIRLINES, INC., MAIL RATE

NOTICE OF FURTHER HEARING

In the matter of fixing the rate of compensation for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith by American Overseas Airlines, Inc., over its system for 1945.

Notice is hereby given pursuant to the Civil Aeronautics Act of 1938, as amended particularly sections 401 and 1001 of said act, that further hearing in the above-entitled proceeding is hereby assigned to be held on March 3, 1948 at 10:00 a. m., eastern standard time, in Room 1508, Commerce Building, 14th Street and Constitution Avenue NW., Washington, D. C., before Examiner Warren E. Baker.

For a detailed statement of the matters in issue in this proceeding, reference is made to the examiner's prehearing conference report and appendices thereto served on February 13, 1948 which is on file with the Civil Aeronautics Board.

Dated at Washington, D. C., February 26, 1948.

By the Civil Aeronautics Board.

[SEAL] M. C. MULLIGAN,
Secretary.

[F. R. Doc. 48-1822; Filed, Mar. 1, 1948; 8:55 a. m.]

[Docket No. 851, et al.]

UNITED AIRLINES, INC.; HAWAIIAN CASE

NOTICE OF ORAL ARGUMENT

Notice is hereby given, pursuant to the Civil Aeronautics Act of 1938, as amended, particularly sections 401 and 1001 of said act, that oral argument on the petition of United Airlines, Inc., requesting reconsideration of the Board's Orders Serial Nos. E-877 and E-878, dated October 14, 1947, to the extent that such orders contemplate a termination of the pending Hawaiian Case without a decision, and requesting the Board to decide the Los Angeles-Honolulu portion of the Hawaiian Case as expeditiously as possible upon the basis of the existing record, or, in the alternative, upon the basis of that record plus a supplemental record if the Board should find that a supplemental record is necessary, is hereby assigned to be held on March 8, 1948, at 10:00 a. m. (eastern standard time), in Room 5042 Commerce Building, Washington, D. C., before the Board.

Dated at Washington, D. C., February 25, 1948.

By the Civil Aeronautics Board.

[SEAL] M. C. MULLIGAN,
Secretary.

[F. R. Doc. 48-1820; Filed, Mar. 1, 1948; 8:55 a. m.]

[Docket No. SA-164]

ACCIDENT AT FLAGLER BEACH, AIRPORT, BUNNEL, FLA.

NOTICE OF HEARING

In the matter of investigation of accident involving aircraft of United States Registry NC-112A which occurred at Flagler Beach, Airport, Bunnel, Florida, on February 7, 1948.

Notice is hereby given, pursuant to the Civil Aeronautics Act of 1938, as amended, particularly section 702 of said act, in the above-entitled proceeding that hearing is hereby assigned to be held on Wednesday, March 3, 1948, at 9:30 a. m. (local time) in the Commission Room, City Hall, LaJune Road and Coral Way, Coral Gables, Florida.

Dated at Washington, D. C., February 26, 1948.

[SEAL] ROBERT W. CHRISP,
Presiding Officer.

[F. R. Doc. 48-1821; Filed, Mar. 1, 1948; 8:55 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket Nos. 6356, 8807]

HUGH FRANCIS MCKEE AND BENSON POLYTECHNIC SCHOOL (KBPS)

ORDER DESIGNATING APPLICATION FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of Hugh Francis McKee, Portland, Oregon, Docket No. 6356, File No. BP-3225, for construction permit; Benson Polytechnic School (KBPS), Portland, Oregon, Docket No. 8807, File No. BML-1280, for modification of license.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 20th day of February 1948;

The Commission having under consideration the above-entitled application of Benson Polytechnic School (KBPS) requesting modification of license to change the specified hours of operation of Station KBPS, Portland, Oregon, now operating on 1450 kc with 100 watts power, specified hours; and the above-entitled application of Hugh Francis McKee requesting a construction permit for a new standard broadcast station to operate on 1450 kc with 250 watts power, at Portland, Oregon, sharing time with Station KBPS;

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said application of Benson Polytechnic School (KBPS), be, and it is hereby, designated for hearing in a consolidated proceeding with the above-entitled application of Hugh Francis McKee, upon the following issues:

1. To determine the technical, financial, and other qualifications of the applicant corporation, its officers, directors and stockholders, to construct and operate Station KBPS as proposed.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of Station KBPS as proposed and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of Station KBPS as proposed would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of Station KBPS as proposed would involve objectionable interference with the services proposed in the other application in this proceeding or in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of Station KBPS as proposed would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

7. To determine what division of operating hours between Benson Polytechnic School (KBPS), and Hugh Francis McKee would best serve the public interest, convenience and necessity.

8. To determine on a comparative basis which, if either, of the applications in this consolidated proceeding should be granted.

It is further ordered, That the Commission's order of December 30, 1946, designating for hearing the above-entitled application of Hugh Francis McKee be, and it is hereby, amended to include the following issues:

4. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the station proposed in the above-entitled application of Hugh Francis McKee and the character of other broadcast service available to those areas and populations.

5. To determine whether the operation of the station proposed in the above-entitled application of Hugh Francis McKee would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the operation of the station proposed in the above-entitled application of Hugh Francis McKee would involve objectionable interference with the services proposed in the application of Benson Polytechnic School (KBPS), Portland, Oregon (BML-1280) or in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

7. To determine whether the installation and operation of the station proposed in the above-entitled application of Hugh Francis McKee would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

8. To determine on a comparative basis which, if either, of the applications in this consolidated proceeding should be granted.

It is further ordered, That the hearing now scheduled to be held on February 23, 1948, at Portland, Oregon, on the above-entitled application of Hugh Francis McKee be postponed, and that the said consolidated hearing on the above-entitled application be, and it is hereby, scheduled to be heard at Portland, Oregon, at 10:00 a. m., Wednesday, May 26 and Thursday, May 27, 1948.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1785; Filed, Mar. 1, 1948; 8:53 a. m.]

[Docket No. 7876]

ROCHESTER BROADCASTING CO.

ORDER CONTINUING HEARING

In re application of Rochester Broadcasting Co., Rochester, Minnesota, Docket No. 7876, File No. BP-5080, for construction permit.

Whereas, the above-entitled application of Rochester Broadcasting Company, Rochester, Minnesota, is scheduled to be heard on February 27, 1948, at Washington, D. C.; and

Whereas, there is pending a petition for reconsideration and grant without hearing filed December 22, 1947, by the said applicant; and counsel for the above-entitled applicant has consented to a continuance of the said hearing pending action of the said petition for reconsideration and grant without hearing;

It is ordered, This 20th day of February 1948, on the Commission's own motion, that the said hearing on the above-entitled application of Rochester Broadcasting Company be, and it is hereby, continued to 10:00 a. m., Tuesday, March 16, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1791; Filed, Mar. 1, 1948; 8:54 a. m.]

[Docket Nos. 7922, 7923]

NORTHWESTERN THEOLOGICAL SEMINARY AND BIBLE TRAINING SCHOOL

ORDER CONTINUING HEARING

In re applications of Northwestern Theological Seminary and Bible Training School, Minneapolis, Minnesota, for construction permits. Docket No. 7922, File No. BP-5273; Docket No. 7923, File No. BPH-970.

The Commission having under consideration a petition filed February 18, 1948, by Northwestern Theological Seminary and Bible Training School, Minneapolis, Minnesota, requesting a 60-day continuance of the hearing now scheduled for February 25, 1948, at Washington, D. C., on its above-entitled applications for construction permit;

It is ordered, This 20th day of February, 1948, that the petition be, and it is hereby, granted; and that the said hearing on the above-entitled applications be, and it is hereby, granted; and that the said hearing on the above-entitled applications be, and it is hereby, continued to 10:00 a. m., Wednesday, April 28, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1794; Filed, Mar. 1, 1948; 8:54 a. m.]

[Docket No. 8030]

ENID BROADCASTING CO.

ORDER CONTINUING HEARING

In re application of Enid Broadcasting Company, Enid, Oklahoma, for construction permit. Docket No. 8030, File No. BP-5489.

Whereas, the above-entitled application of Enid Broadcasting Company, Enid, Oklahoma, is scheduled to be heard on February 23, 1948, at Washington, D. C.; and

Whereas, there is pending before the Commission a petition filed January 9, 1948, by the above-entitled applicant requesting reconsideration and grant without hearing of its above-entitled application; and counsel for the said applicant has consented to a continuance of the said hearing;

It is ordered, This 19th day of February 1948, that the said hearing on the above-entitled application be, and it is hereby, continued to 10:00 a. m., Monday, March 15, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1787; Filed, Mar. 1, 1948; 8:53 a. m.]

[Docket Nos. 8197, 8198, 8218, 8219]

RADIO BROADCASTING CORP. ET AL.

ORDER CONTINUING HEARING

In re applications of Radio Broadcasting Corporation, Peru, Illinois, Docket No. 8197, File No. BP-5747; McLean County Broadcasting Company, Bloomington, Illinois, Docket No. 8198, File No. BP-5857; Northwestern Indiana Radio Company, Inc., Valparaiso, Indiana, Docket No. 8218, File No. BP-5574; Steel City Broadcasting Corporation, Gary, Indiana, Docket No. 8219, File No. BP-5888; for construction permits.

The Commission having under consideration a petition filed February 13, 1948, by Northwestern Indiana Radio Company, Inc., Valparaiso, Indiana, requesting that the Commission change the place of hearing scheduled for March 15, 1948, from Washington, D. C., to Gary, Indiana, Valparaiso, Indiana, Bloomington, Illinois, and Peru, Illinois, in the proceeding on the above-entitled applications for construction permits;

It appearing, that on May 9, 1947, the Commission published a notice of proposed rule-making with respect to daytime skywave transmissions of standard broadcast stations (Docket No. 8333) and stated herein that it would defer action on all pending applications requesting daytime or limited time operation on United Stations 1–A or 1–B frequencies until a decision was announced in the said hearing (Mimeo No. 6630); and

It appearing, that the above-entitled application of Radio Broadcasting Corporation requests the use of 1080 kc, 1 kw, daytime only; and the above-entitled application of McLean County Broadcasting Company requests the use of 1080 kc, 250 watts, daytime only; and the above-entitled application of Northwestern Indiana Radio Company, Inc., requests the use of 1080 kc, 250 watts, daytime only; and the above-entitled application of Steel City Broadcasting Corporation requests the use of 1080 kc, 1 kw, daytime only;

It is ordered, This 20th day of February 1948, that the petition be, and it is hereby, granted; and

It is further ordered, That the said hearing on the above-entitled applications be, and it is hereby, continued to May 25, 1948, at Gary, Indiana, May 26, 1948, at Valparaiso, Indiana, May 27, 1948, at Bloomington, Illinois, and May 28, 1948, at Peru, Illinois.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48–1796; Filed, Mar. 1, 1948; 8:54 a. m.]

[Docket Nos. 8200, 8578]

HANOVER BROADCASTING CO., INC., AND HANOVER BROADCASTERS

ORDER DESIGNATING APPLICATIONS FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of Hanover Broadcasting Company, Inc., Hanover, Pennsylvania, Docket No. 8200, File No. BP–5658; John D. Bare and Philip A. Rohrbaugh, a partnership d/b as Hanover Broadcasters, Hanover, Pennsylvania, Docket No. 8578, File No. BP–6270; for construction permits.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 20th day of February 1948;

The Commission having under consideration the above-entitled applications each requesting a construction permit for a new standard broadcast station to operate on the frequency 1280 kc, with 1 kw power, daytime only in Hanover, Pennsylvania; and the petition of Hanover Broadcasting Company requesting that these applications be designated for hearing in a consolidated proceeding and that hearing thereon be scheduled for February 24, 1948, in Hanover, Pennsylvania, and;

It appearing, that the hearing date requested by petitioner Hanover Broadcasting Company, Inc., is neither convenient to the Commission in the orderly dispatch of its business nor fair to the opposing applicant in this proceeding and the other applicants in other proceedings whose applications are awaiting hearing;

It is ordered, That the said petition of Hanover Broadcasting Company, Inc., insofar as it requests hearing on February 24, 1948, be, and it is hereby, denied: that the said petition insofar as it requests designation of the above-entitled applications for hearing in a consolidated proceeding be, and it is hereby, granted; and that pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said applications be, and they are hereby, designated for hearing in a consolidated proceeding at a time and place to be designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial, and other qualifications of the applicant partnership and the partners and of the corporate applicant Hanover Broadcasting Company, Inc., its officers, directors and stockholders to construct and operate their proposed stations.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the proposed stations and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed stations would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed stations would involve objectionable interference with the services proposed in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed stations would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

7. To determine on a comparative basis which, if either of the applications in this consolidated proceeding should be granted.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48–1784; Filed, Mar. 1, 1948; 8:53 a. m.]

[Docket No. 8302]

CHARLES WILBUR LAMAR, JR.

ORDER CONTINUING HEARING

In re applications of Charles Wilbur Lamar, Jr., Morgan City, Louisiana, Docket No. 8302, File No. BP–4913, for construction permit.

Whereas, the above-entitled application of Charles Wilbur Lamar, Jr., Morgan City, Louisiana, is scheduled to be heard on February 26, 1948, at Washington, D. C.; and

Whereas, there is pending a petition for reconsideration and grant without hearing filed December 24, 1947, by the said applicant; and counsel for the above-entitled applicant has consented to a continuance of the said hearing pending action on the said petition for reconsideration and grant without hearing;

It is ordered, This 20th day of February 1948, on the Commission's own motion, that the said hearing on the above-entitled application of Charles Wilbur Lamar, Jr., be, and it is hereby, continued to 10:00 a. m., Thursday, March 11, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48–1789; Filed, Mar. 1, 1948; 8:53 a. m]

[Docket No. 8342]

PEKIN BROADCASTING CO., INC. (WSIV)

ORDER CONTINUING HEARING

In re application of Pekin Broadcasting Company, Inc. (WSIV), Pekin, Illinois, Docket No. 8342, File No. BMP–2561, for construction permit.

The Commission having under consideration a petition filed February 17, 1948, by Pekin Broadcasting Company, Incorporated (WSIV), Pekin, Illinois, requesting a continuance of the hearing now scheduled for February 27, 1948, at Washington, D. C., on its above-entitled application for construction permit;

It is ordered, This 20th day of February 1948, that the petition be, and it is hereby, granted; and that the said hearing on the above-entitled application be, and it is hereby, continued to 10:00 a. m., Tuesday, April 27, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48–1792; Filed, Mar. 1, 1948; 8:54 a. m.]

[Docket No. 8375]

METROPOLITAN HOUSTON BROADCASTING CO.

ORDER CONTINUING HEARING

In re application of E. H. Rowley, Glen McClain, L. M. Rice and James A. Clements, a partnership, d/b as Metropolitan Houston Broadcasting Company, Houston, Texas, Docket No. 8375, File No. BP–5175, for construction permit.

Whereas, the above-entitled application of E. H. Rowley, Glen McClain, L. M. Rice, and James A. Clements, a partnership d/b as Metropolitan Houston Broadcasting Company, Houston, Texas, is presently scheduled to be heard on February 26, 1948, at Washington, D. C.; and

Whereas, there are pending before the Commission petitions filed December 18, 1947, by Baylor University (KWBU), Houston, Texas, (File No. BP-6238) and Carr P. Collins, Jr., Corpus Christi, Texas (File No. BP-6263), requesting that their applications for construction permits be designated for consolidated hearing with the above-entitled application; and

Whereas, counsel for the above-entitled applicant, Metropolitan Broadcasting Company has consented to a continuance of the said hearing on the above-entitled application to March 12, 1948;

It is ordered, This 20th day of February 1948, that the said hearing in the above-entitled application be, and it is hereby continued to 10:00 a. m., Friday, March 12, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1790; Filed, Mar. 1, 1948; 8:54 a. m.]

[Docket No. 8388]

MODEL CITY BROADCASTING CO., INC.

ORDER CONTINUING HEARING

In re application of Model City Broadcasting Company, Inc., Anniston, Alabama, Docket No. 8388, File No. BP-5250, for construction permit.

Whereas, the above-entitled application is presently scheduled to be heard on February 24, 1948, at Washington, D. C.; and

Whereas, there is pending a petition filed by the above-entitled applicant on November 24, 1947, requesting that the above-entitled application be consolidated for hearing with the application of James A. Noe (KNOE), Monroe, Louisiana (File No. BMP-1839; Docket No. 7655); and counsel for the above-entitled applicant has consented to a continuance of the said hearing to March 11, 1948;

It is ordered, This 20th day of February 1948, that the said hearing on the above-entitled application be, and it is hereby, continued to 10:00 a. m., Thursday, March 11, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1788; Filed, Mar. 1, 1948; 8:53 a. m.]

[Docket No 8485]

SUFFOLK BROADCASTING CORP.

ORDER CONTINUING HEARING

In re application of Suffolk Broadcasting Corporation, Coram, New York, Docket No. 8485, File No. BMPH-409, for modification of construction permit for FM station.

The Commission having under consideration a petition filed February 17, 1948, by Suffolk Broadcasting Corporation, Coram, New York, requesting a 60-day continuance of the hearing now scheduled for February 25, 1948, at Coram, New York, on its above-entitled application for modification of construction permit;

It appearing, that a continuance to March 29, 1948, at Coram, New York, would better serve the public interest, convenience and necessity than would a 60-day continuance;

It is ordered, This 20th day of February 1948, that the petition be, and it is hereby, granted in part: and that the said hearing be, and it is hereby, continued to 10:00 a. m., Monday, March 29, 1948, at Coram, New York.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1793; Filed, Mar. 1, 1948; 8:54 a. m]

[Docket No. 8510]

FOUR STATES BROADCASTING CO., INC.

ORDER CONTINUING HEARING

In re application of The Four States Broadcasting Company, Inc., Hagerstown, Maryland, Docket No. 8510, File No. BP-5641, for construction permit.

The Commission having under consideration a petition filed February 17, 1948, by The Four States Broadcasting Company, Incorporated, Hagerstown, Maryland, requestion that the Commission continue the hearing on its above-entitled application for construction permit from February 26, 1948, to March 29, 1948, at Washington, D. C.;

It is ordered, This 20th day of February 1948, that the petition be, and it is hereby, granted; and that the said hearing on the above-entitled application be, and it is hereby, continued to 10:00 a. m., Wednesday, March 31, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1795; Filed, Mar. 1, 1948; 8:54 a. m.]

[Docket No. 8517]

SUPREME BROADCASTING SYSTEM, INC. (WJMR)

ORDER CONTINUING HEARING

In re application of Supreme Broadcasting System, Inc. (WJMR), New Orleans, Louisiana, Docket No. 8517, File No. BML-1260, for modification of license.

The Commission having under consideration a petition filed February 9, 1948, by Supreme Broadcasting System, Inc. (WJMR), New Orleans, Louisiana, requesting a continuance for 60-days or "such other period as may be convenient" of the hearing on its above-entitled application for modification of license now scheduled for February 24, 1948, at Washington, D. C.;

It is ordered, This 16th day of February 1948, that the petition be, and it is hereby, granted; and that the hearing on the above-entitled application be, and it is hereby, continued to 10:00 a. m., Thursday, April 22, 1948, at Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1786; Filed, Mar. 1, 1948; 8:53 a. m.]

[Docket No. 8638]

WINCHESTER BROADCASTING CORP.

ORDER DESIGNATING APPLICATION FOR HEARING ON STATED ISSUES

In re application of Winchester Broadcasting Corporation, Winchester, Virginia, Docket No. 8638, File No. BP-6187, for construction permit.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 20th day of February 1948;

The Commission having under consideration the above-entitled application for construction permit for a new standard broadcast station to operate on 1270 kc, 1 kw, daytime only, at Winchester, Virginia;

It is ordered, That pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said application be, and it is hereby, designated for hearing, at a time and place to be designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial, and other qualifications of the applicant corporation, its officers, directors and stockholders, to construct and operate the proposed station.

2. To determine the areas and populations which may be expected to gain primary service from the operation of the proposed station and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with any existing broadcast stations and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed station would involve objectionable interference with the services proposed in any pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed sta-

tion would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1783; Filed, Mar. 1, 1948; 8:53 a. m.]

[Docket No. 8783]

W. PAUL OURY

ORDER DESIGNATING APPLICATION FOR HEARING ON STATED ISSUES

In re application of W. Paul Oury, Westerly, Rhode Island, Docket No. 8783, File No. BP-6214, for construction permit.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 20th day of February 1948;

The Commission having under consideration the above-entitled application requesting a construction permit for a new standard broadcast station to operate on the frequency 1230 kc, with 250 w power, unlimited time, in Westerly, R. I.

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said application be, and it is hereby, designated for hearing at a time and place to be designated by subsequent order of the Commission, upon the following issues:

1. To determine the legal, technical, financial and other qualifications of the applicant to construct and operate the proposed station.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the proposed station and the character of other broadcast service available to those areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the proposed station would involve objectionable interference with station WTHT, Hartford, Connecticut; WNEB, Worcester, Massachusetts; or with any other existing broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of the proposed station would involve objectionable interference with the services proposed in any other pending applications for broadcast facilities and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

6. To determine whether the installation and operation of the proposed station would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

It is further ordered, That Hartford Times, Incorporated and New England Broadcasting Company, licensees respectively, of Station WTHT, Hartford, Conn., and WNEB, Worcester, Mass., be and they are hereby, made parties to this proceeding.

By the Commission.

[SEAL] T. J. SLOWIE, *Secretary.*

[F. R. Doc. 48-1782; Filed, Mar. 1, 1948; 8:52 a. m.]

FEDERAL POWER COMMISSION

[Docket No. DI-181]

CENTRAL HUDSON GAS & ELECTRIC CORP.

NOTICE OF FINDING OF COMMISSION

FEBRUARY 25, 1948.

Notice is hereby given that, on February 25, 1948, the Federal Power Commission issued its finding entered February 19, 1948, in the above-designated matter, that the interests of interstate or foreign commerce will not be affected by construction of the project.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 48-1771; Filed, Mar. 1, 1948; 8:51 a. m.]

[Docket No. E-6123]

FLORIDA POWER CORP.

NOTICE OF APPLICATION

FEBRUARY 25, 1948.

Notice is hereby given that on February 24, 1948, an application was filed with the Federal Power Commission, pursuant to section 204 of the Federal Power Act, by Florida Power Corporation, a corporation organized under the laws of the State of Florida and doing business in the States of Florida and Georgia with its principal business office at St. Petersburg, Florida, seeking an order authorizing the issuance of 40,000 shares of new Preferred Stock of the par value of $100 each, and 110,000 shares of Common Stock of the par value of $7.50 each. Applicant proposes to offer present holders of Common Stock the right to subscribe for the Common Stock to be issued, in the ratio of one new share for each ten shares of Common Stock held of record and to negotiate with investment bankers for the underwriting of the Preferred Stock and the unsubscribed shares of Common Stock; all as more fully appears in the application on file with the Commission.

Any person desiring to be heard, or to make any protest with reference to said application should, on or before the 13th day of March, 1948, file with the Federal Power Commission, Washington 25, D. C. a petition or protest in accordance with the Commission's Rules of Practice and Procedure.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 48-1773; Filed, Mar. 1, 1948; 8:51 a. m.]

[Docket No. G-796]

SOUTHERN NATURAL GAS CO.

NOTICE OF ORDER DENYING IN PART APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND DENYING PETITION TO REOPEN PROCEEDING

FEBRUARY 25, 1948.

Notice is hereby given that, on February 20, 1948, the Federal Power Commission issued its order entered February 19, 1948, denying in part, application for certificate of public convenience and necessity and denying petition to reopen proceeding in the above-designated matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 48-1760; Filed, Mar. 1, 1948; 8:49 a. m.]

[Docket No. G-808]

TENNESSEE GAS TRANSMISSION CO.

NOTICE OF ORDER MODIFYING AND SUPPLEMENTING ORDER ISSUING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

FEBRUARY 25, 1948.

Notice is hereby given that, on February 20, 1948, the Federal Power Commission issued its order entered February 19, 1948, modifying and supplementing order issuing certificate of public convenience and necessity in the above-designated matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 48-1759; Filed, Mar. 1, 1948; 8:49 a. m.]

[Docket No. G-880]

TEXAS EASTERN TRANSMISSION CORP. AND PHILADELPHIA GAS WORKS CO.

NOTICE OF ORDER DENYING APPLICATION FOR ORDER DIRECTING IMMEDIATE DELIVERIES OF NATURAL GAS

FEBRUARY 25, 1948.

Notice is hereby given that, on February 24, 1948, the Federal Power Commission issued its order entered February 20, 1948, denying application for order directing immediate deliveries of natural gas in the above-designated matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 48-1758; Filed, Mar. 1, 1948; 8:49 a. m.]

[Docket No. IT-5375]

B AND P BRIDGE CO. OF WESLACO, INC., AND CENTRAL POWER AND LIGHT CO.

NOTICE OF ORDER AUTHORIZING TRANSMISSION OF ELECTRIC ENERGY TO MEXICO AND SUPERSEDING PREVIOUS AUTHORIZATIONS

FEBRUARY 25, 1948.

Notice is hereby given that, on February 25, 1948, the Federal Power Commission issued its order entered February

19, 1948, authorizing transmission of electric energy to Mexico and superseding previous authorizations in the above-designated matter.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 48-1770; Filed, Mar. 1, 1948; 8:51 a. m.]

[Project No. 18]

IDAHO POWER CO.

NOTICE OF ORDER DETERMINING ACTUAL LEGITIMATE ORIGINAL COST AND PRESCRIBING ACCOUNTING THEREFOR

FEBRUARY 25, 1948.

Notice is hereby given that, on February 25, 1948, the Federal Power Commission issued its order entered February 19, 1948, determining actual legitimate original cost and prescribing accounting therefor in the above-designated matter.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 48-1772; Filed, Mar. 1, 1948; 8:51 a. m.]

[Project No. 404]

L. H. CARVEY ET AL.

NOTICE OF ORDER APPROVING TRANSFER OF LICENSE (MINOR)

FEBRUARY 25, 1948.

In the matter of L. H. Carvey and Charles R. Pollock and L. B. Cooper.

Notice is hereby given that, on February 19, 1948, the Federal Power Commission issued its order entered February 17, 1948, in the above-designated matter, approving the transfer of license for Project No. 404 from L. H. Carvey to Charles R. Pollock and L. B. Cooper, effective as of October 31, 1946.

LEON M. FUQUAY,
Secretary.

[F. R. Doc. 48-1756; Filed, Mar. 1, 1948; 8:49 a. m.]

[Project Nos. 1280, 1490]

RED BLUFF WATER POWER CONTROL DISTRICT AND BRAZOS RIVER CONSERVATION AND RECLAMATION DISTRICT

NOTICE OF ORDER GRANTING PARTIAL EXEMPTION FROM PAYMENT OF ANNUAL CHARGES

FEBRUARY 25, 1948.

In the matters of Red Bluff Water Power Control District, Project No. 1280; Brazos River Conservation and Reclamation District, Project No. 1490.

Notice is hereby given that, on February 20, 1948, the Federal Power Commission issued its order entered February 17, 1948, granting partial exemption from payment of annual charges in the above-designated matters.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 48-1757; Filed, Mar. 1, 1948; 8:49 a. m.]

[Project Nos. 1956, 1965]

LYLES FORD TRI-COUNTY POWER AUTHORITY AND SOUTH CAROLINA ELECTRIC & GAS CO.

NOTICE OF ORDER AUTHORIZING ISSUANCE OF PRELIMINARY PERMIT AND DENYING APPLICATION FOR PRELIMINARY PERMIT

FEBRUARY 25, 1948.

Notice is hereby given that, on February 24, 1948, the Federal Power Commission issued its order entered February 17, 1948, in the above-designated matters, authorizing issuance of a preliminary permit to Lyles Ford Tri-County Power Authority for Project No. 1956 and denying the South Carolina Electric & Gas Company's application for preliminary permit for Project No. 1965.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 48-1755; Filed, Mar. 1, 1948; 8:49 a. m.]

INTERSTATE COMMERCE COMMISSION

[S. O. 790, Special Directive 50]

BALTIMORE AND OHIO RAILWAY CO.

DIRECTIVE TO FURNISH CARS FOR RAILROAD COAL SUPPLY

On February 19, 1948, The Cuyahoga Valley Railway Company has certified that it has on that date in storage and in cars a total of seven days' supply of fuel coal, and that it is immediately essential that this company increase its coal supply from certain enumerated mines.

The certified statements have been verified and found to be correct.

Therefore, pursuant to the authority vested in me by paragraph (b) of Service Order No. 790, The Baltimore and Ohio Railroad Company is directed:

(1) To furnish daily to The Baltimore and Ohio Railroad Company Blaine mine one car for the loading of Cuyahoga Valley Railway Company fuel coal from its total available supply of cars suitable for the transportation of coal.

(2) That such car furnished in excess of the mine's distributive share for the day will not be counted against said mine.

(3) That it shall not accept billing on cars furnished for loading under the provisions of this directive unless billed for The Cuyahoga Valley Railway Company fuel coal supply.

(4) To furnish this Bureau, as soon as may be practicable after the end of each week, information showing the total number of cars furnished to said mine for the preceding week under the authority of this directive and how many such cars were in excess of the daily distributive share of car supply of such mine.

A copy of this special directive shall be served upon The Baltimore and Ohio Railroad Company and notice of this directive shall be given the public by depositing a copy in the office of the Secretary of the Commission, Washington, D. C., and by filing it with the Director of the Division of the Federal Register.

Issued at Washington, D. C., this 19th day of February A. D. 1948.

INTERSTATE COMMERCE COMMISSION,
HOMER C. KING,
Director,
Bureau of Service.

[F. R. Doc. 48-1775; Filed, Mar. 1, 1948; 8:51 a. m.]

[S. O. 790, Corr. Special Directive 51]

WHEELING AND LAKE ERIE RAILWAY CO.

DIRECTIVE TO FURNISH CARS FOR RAILROAD COAL SUPPLY

On February 19, 1948, The Cuyahoga Valley Railway Company has certified that it has on that date in storage and in cars a total of 7 days' supply of fuel coal, and that it is immediately essential that this company increase its coal supply from certain enumerated mines.

The certified statements have been verified and found to be correct.

Therefore, pursuant to the authority vested in me by paragraph (b) of Service Order No. 790, The Wheeling and Lake Erie Railway Company is directed:

(1) To furnish daily to Nelms mine located on The Wheeling and Lake Erie Railway Company one car for the loading of The Cuyahoga Valley Railway Company fuel coal from its total available supply of cars suitable for the transportation of coal.

(2) That such car furnished in excess of the mine's distributive share for the day will not be counted against said mine.

(3) That it shall not accept billing on cars furnished for loading under the provisions of this directive unless billed for The Cuyahoga Valley Railway Company fuel coal supply.

(4) To furnish this Bureau, as soon as may be practicable after the end of each week, information showing the total number of cars furnished to said mine for the preceding week under the authority of this directive and to indicate how many such cars were in excess of the daily distributive share of car supply of such mine.

A copy of this special directive shall be served upon The Wheeling and Lake Erie Railway Company and notice of this directive shall be given the public by depositing a copy in the office of the Secretary of the Commission, Washington, D. C. and by filing it with the Director of the Division of the Federal Register.

Issued at Washington, D. C., this 19th day of February A. D. 1948.

INTERSTATE COMMERCE COMMISSION,
HOMER C. KING,
Director,
Bureau of Service.

[F. R. Doc. 48-1776; Filed, Mar. 1, 1948; 8:52 a. m.]

[S. O. 806]

UNLOADING OF AUTOS AT SAN FRANCISCO, CALIF.

At a session of the Interstate Commerce Commission, Division 3, held at its

office in Washington, D. C., on the 25th day of February A. D. 1948.

It appearing, that 2 cars containing autos at San Francisco, California, on The Atchison, Topeka & Santa Fe Railway Company, have been on hand for unreasonable lengths of time and that the delay in unloading said cars is impeding their use; in the opinion of the Commission an emergency exists requiring immediate action. It is ordered, that:

(a) *Autos at San Francisco, California, be unloaded.* The Atchison, Topeka & Santa Fe Railway Company, its agents or employees, shall unload immediately cars PRR 807571 and PRR 863114, containing autos, on hand at San Francisco, California, for account of Pacific Far East Lines, for export.

(b) *Demurrage.* No common carrier by railroad subject to the Interstate Commerce Act shall charge or demand or collect or receive any demurrage or storage charges, for the detention under load of any car specified in paragraph (a) of this order, for the detention period commencing at 7:00 a. m., February 28, 1948, and continuing until the actual unloading of said car or cars is completed.

(c) *Provisions suspended.* The operation of any or all rules, regulations, or practices, insofar as they conflict with the provisions of this order, is hereby suspended.

(d) *Notice and expiration.* Said carrier shall notify the Director, Bureau of Service, Interstate Commerce Commission, Washington, D. C., when it has completed the unloading required by paragraph (a) hereof, and such notice shall specify when, where, and by whom such unloading was performed. Upon receipt of that notice this order shall expire.

It is further ordered, that this order shall become effective immediately; that a copy of this order and direction be served upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and that notice of this order be given to the general public by depositing a copy in the office of the Secretary of the Commission, at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

(40 Stat. 101, sec. 402, 41 Stat. 476, sec. 4, 54 Stat. 901, 911; 49 U. S. C. 1 (10)–(17), 15 (2))

By the Commission, Division 3.

[SEAL] W. P. BARTEL, *Secretary.*

[F. R. Doc. 48–1774; Filed, Mar. 1, 1948; 8:51 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 31–375]

MIDDLE WEST UTILITIES CO. OF CANADA LTD.

ORDER EXTENDING ORDER OF EXEMPTION

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 20th day of February A. D. 1948.

The Commission, by order of May 24, 1939, having granted to Middle West Utilities Company of Canada Limited and its subsidiaries, direct and indirect subsidiaries, respectively, of The Middle West Corporation, a registered holding company, temporary exemption from certain specified portions of the Public Utility Holding Company Act of 1935, pursuant to sections 3 (a) (5) and 3 (b) thereof; and

The Commission, upon application, having extended the period of such exemption by orders issued from time to time, the latest of such orders, issued on February 11, 1947, having provided that the exemption granted therein shall expire on December 31, 1947, without prejudice, however, to the right of Middle West Utilities Company of Canada Limited to apply on behalf of itself and its subsidiary companies for an extension of the time during which such exemption shall be effective; and

Middle West Utilities Company of Canada Limited now having filed an application for a further extension of the time during which such exemption shall be effective; and

The Commission having considered such application and the record relevant thereto and deeming it appropriate and not detrimental to the public interest or the interest of investors or consumers to grant a further extension of the exemption granted by said order of May 24, 1939:

It is ordered, That the time during which said order of exemption, issued on May 24, 1939, shall be effective be, and hereby is, extended to and including December 31, 1948, without prejudice, however, to the right of Middle West Utilities Company of Canada Limited to apply on behalf of itself and its subsidiaries for a further extension of the time during which such order shall be effective or for such enlargement of the provisions of such order as it may deem appropriate.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 48–1765; Filed, Mar. 1, 1948; 8:50 a. m.]

[File No. 70–1642]

SOUTHWESTERN GAS AND ELECTRIC CO.

ORDER PERMITTING DECLARATION TO BECOME EFFECTIVE

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 24th day of February A. D. 1948.

Southwestern Gas and Electric Company ("Southwestern"), a public utility subsidiary of Central and South West Corporation, a registered holding company, having filed a declaration and amendments thereto, pursuant to section 7 of the Public Utility Holding Act of 1935 and the rules and regulations promulgated thereunder, with respect to the issuance and sale by Southwestern pursuant to the competitive requirements of Rule U-50 of $7,000,000 principal amount of its First Mortgage Bonds, Series B, ____%, due January 1, 1978; and

A public hearing having been held, after appropriate notice, with respect to said amended declaration, and the Commission having considered the record made and having filed its findings and opinions herein:

It is ordered, That the said amended declaration, be, and hereby is, permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule U-24, and subject to the further condition that the proposed issue and sale of bonds shall not be consummated until the results of competitive bidding, pursuant to Rule U-50 shall have been made a matter of record in this proceeding and a further order shall have been entered by this Commission in the light of the record so completed, which order may contain such further terms and conditions as may then be deemed appropriate; and

It is further ordered, That in accordance with the request of Southwestern, the ten-day period for inviting bids as provided in Rule U-50 be, and hereby is, shortened to a period of not less than six days.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 48–1764; Filed, Mar. 1, 1948; 8:50 a. m.]

[File No. 70–1744]

KANSAS GAS AND ELECTRIC CO.

NOTICE OF FILING

At a regular session of the Securities and Exchange Commission hold at its office in the city of Washington, D. C., on the 24th day of February A. D. 1948.

Notice is hereby given that an application-declaration has been filed with this Commission pursuant to the Public Utility Holding Company Act of 1935 ("Act") by Kansas Gas and Electric Company ("Kansas"), an electric utility subsidiary of American Power & Light Company ("American"), a registered holding company subsidiary of Electric Bond and Share Company, also a registered holding company. Applicant-declarant has designated sections 6 (a) and 7 of the act and Rule U-50 thereunder as applicable to the proposed transactions.

Notice is further given that any interested person may, not later than March 3, 1948 at 5:30 p. m., e. s. t., request the Commission in writing that a hearing be held on such matter, stating the reasons for such request, the nature of his interest and the issues of fact and law raised by said application which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed as follows: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after 5:30 p. m., e. s. t., on March 4, 1948, said application-declaration, as filed or as amended, may be granted and permitted

to become effective as provided in Rule U-23 of the rules and regulations promulgated under the act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

All interested persons are referred to said application-declaration which is on file in the office of this Commission, for a statement of the transactions therein proposed which are summarized as follows:

Kansas proposes to issue and sell, pursuant to the competitive bidding requirements of Rule U-50, $5,000,000 principal amount of its First Mortgage Bonds, ____ % Series due 1978 ("Bonds"). The Bonds will be issued under the company's existing Mortgage and Deed of Trust, dated as of April 1, 1940, in favor of Guaranty Trust Company of New York and Henry A. Thies, as trustees, as supplemented by a First Supplemental Indenture, dated as of June 1, 1942, and as further supplemented by a second supplemental indenture to be dated as of March 1, 1948. Kansas proposes to use the proceeds from the sale of said Bonds: (a) To carry forward its program for expansion and construction of generating plants, transmission lines and distribution facilities; (b) to repay American for short-term advances that have heretofore been obtained, and may hereafter be necessary to obtain, to finance in part its construction program prior to the sale of the Bonds; and (c) to reimburse its treasury for funds already used in the expansion and construction of facilities.

The interest rate of the Bonds and the price to be paid the company for the Bonds will be fixed by competitive bidding. The company will reserve the right to reject all bids.

The application-declaration states that the proposed issuance and sale of securities as above described is subject to the approval of the Kansas State Corporation Commission, Topeka, Kansas.

Applicant-declarant requests that the Commission's Order herein be issued as soon as may be practicable and become effective upon issuance.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 48-1763; Filed, Mar. 1, 1948; 8:50 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

AUTHORITY: 40 Stat. 411, 55 Stat. 839, Pub. Laws 322, 671, 79th Cong., 60 Stat. 50, 925; 50 U. S. C. and Supp. App. 1, 616; E. O. 9193, July 6, 1942, 3 CFR, Cum. Supp., E. O. 9567, June 8, 1945, 3 CFR, 1945 Supp., E. O. 9788, Oct. 14, 1946, 11 F. R. 11981.

[Vesting Order 10230]

GEORGE M. KOBER

In re: Trust u/w George M. Kober, deceased. File No. D-28-3654-G-2.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Carl (Karl) Kober, Helwig Kober, Adolf Treser, Helmut Treser, Babetta Link Koch, Dorothea Link Pilger, Frau Henrich Fulberth, Ottilie Rullman, Anna Marie Kober, Henrich A. Kober and Marie Muller, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That issue, names unknown, of Carl (Karl) Kober, Helwig Kober, Adolf Treser, Helmut Treser, Babetta Link Koch, Dorothea Link Pilger, Frau Henrich Fulberth, Ottilie Rullman, Anna Marie Kober, Henrich A. Kober and Marie Muller, who there is reasonable cause to believe are residents of Germany, are nationals of a designated enemy country (Germany);

3. That all right, title, interest and claim of any kind or character whatsoever of the persons identified in subparagraphs 1 and 2 hereof, and each of them, in and to the trust created under the will of George M. Kober, deceased, is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

4. That to the extent that the persons identified in subparagraph 1 hereof and issue, names unknown of Carl (Karl) Kober, Helwig Kober, Adolf Treser, Helmut Treser, Babetta Link Koch, Dorothea Link Pilger, Frau Henrich Fulberth, Ottilie Rullman, Anna Marie Kober, Henrich A. Kober and Marie Muller, are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on November 25, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General, Director, Office of Alien Property.

[F. R. Doc. 48-1797; Filed, Mar. 1, 1948; 8:45 a. m.]

[Vesting Order 10432]

AUGUST TIEDEMANN

In re: Trust u/d of August Tiedemann dated November 6, 1933. File F-28-4259; E. T. sec. 1103.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That August Tiedemann and Anna Maria Adelbeis Tiedemann nee Schilling, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That all right, title, interest and claim of any kind or character whatsoever of Auguste Tiedemann and Anna Maria Adelbeis Tiedemann nee Schilling, and each of them, in and to and arising out of or under that certain trust agreement dated November 6, 1933, by and between August Tiedemann and People's Bank and Trust Company, Passaic, New Jersey, and in and to all property held under said trust agreement by People's Bank and Trust Company, as trustee, is property payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the persons identified in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on December 26, 1947.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General, Director, Office of Alien Property.

[F. R. Doc. 48-1798; Filed, Mar. 1, 1948; 8:45 a. m.]

[Vesting Order 10623]

ERNEST RICHARD KOEHLER

In re: Estate of Ernest Richard Koehler, deceased. File No. D-28-9348; E. T. sec. 12355.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Marie Maul, Helen (Helena) Ludwig, and Gustave Haertel, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the sum of $1,610.43 was paid to the Attorney General of the United States by John Trautman, executor of the estate of Ernest Richard Koehler, deceased;

3. That the sum of $1,610.43 was accepted by the Attorney General of the United States on October 31, 1947, pursuant to the Trading With the Enemy Act, as amended;

4. That the said sum of $1,610.43 is presently in the possession of the Attorney General of the United States and was property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which was evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

5. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

This vesting order is issued nunc pro tunc to confirm the vesting of the said property by acceptance as aforesaid.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 5, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1799; Filed, Mar. 1, 1948; 8:45 a. m.]

[Vesting Order 10641]

GARANTIE UND KREDIT BANK FUER DEN OSTEN, A. G.

In re: Bank accounts owned by Garantie und Kredit Bank fuer den Osten, Aktiengesellschaft.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Garantie und Kredit Bank fuer den Osten, Aktiengesellschaft, the last known address of which is Kurfuerstenstrasse 33, Berlin W. 35, Germany, is a corporation, organized under the laws of Germany, and which has or, since the effective date of Executive Order 8389, as amended, has had its principal place of business in Germany and is a national of a designated enemy country (Germany);

2. That the property described as follows:

a. That certain debt or other obligation owing to Garantie und Kredit Bank fuer den Osten, Aktiengesellschaft, by The Chase National Bank of the City of New York, 18 Pine Street, New York, New York, arising out of an inactive dollar checking account, entitled Garantie und Kredit Bank fuer den Osten, A. G., and any and all rights to demand, enforce and collect the same,

b. That certain debt or other obligation owing to Garantie und Kredit Bank fuer den Osten, Aktiengesellschaft, by The Chase National Bank of the City of New York, 18 Pine Street, New York, New York, arising out of an unclaimed dollar deposit account, entitled Garantie und Kredit Bank fuer den Osten, A. G., and any and all rights to demand, enforce and collect the same,

c. That certain debt or other obligation owing to Garantie und Kredit Bank fuer den Osten, Aktiengesellschaft, by The Chase National Bank of the City of New York, 18 Pine Street, New York, New York, arising out of an unclaimed dollar deposit account, entitled Garantie und Kreditbank, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 5, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1800; Filed, Mar. 1, 1948; 8:45 a. m.]

[Vesting Order 10662]

HENRY KAU

In re: Estate of Henry Kau, deceased. File No. D-28-8542; E. T. sec. 10104.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That William DuPont, Margaret (Margareta) DuPont, Anna DuPont Stock, Magdalene DePont Pfaff, Anna Nagel Dieter, Henry (Heinrich) Nagel, William (Wilhelm) Nagel, and Magdalena Nagel (Romer), whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the sum of $130,786.35 was paid to the Attorney General of the United States by Edward S. Cummings, Jr. and William Lautz, as co-executors of the Estate of Henry Kau, deceased;

3. That the sum of $130,786.35 was accepted by the Attorney General of the United States on September 24, 1947, pursuant to the Trading With the Enemy Act, as amended;

4. That the said sum of $130,786.35 is presently in the possession of the Attorney General of the United States and was property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which was evidence of ownership or control by, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

5. That to the extent that the persons named in subparagraph 1 hereof, are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

This vesting order is issued nunc pro tunc to confirm the vesting of the said property by acceptance as aforesaid.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 9, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1801; Filed, Mar. 1, 1948; 8:46 a. m.]

[Vesting Order 10666]

DORA C. SCHUWIRTH

In re: Estate of Dora C. Schuwirth, deceased. File No. F-28-8694.

Under the authority of the Trading With the Enemy Act, as amended, Exec-

utive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Louise (Luise) Schuwirth, whose last known address is Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That all right, title, interest and claim of any kind or character whatsoever of the person identified in subparagraph 1 hereof, in and to the estate of Dora C. Schuwirth, deceased,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 9, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1802; Filed, Mar. 1, 1948; 8:46 a. m.]

[Vesting Order 10670]

ERICK BRAUCKER

In re: Bank account owned by Erich Braucker also known as Erick Braucker. F-28-28554-E-1, F-28-28554-C-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Erich Braucker also known as Erick Braucker, whose last known address is 21 (b) Felde bei Brugge in Westphalia, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: That certain debt or other obligation of Bank of America National Trust & Savings Association, 300 Montgomery Street, San Francisco, California, arising out of a checking account, entitled Bertha Braucker, Execx. for the Estate of Otto Braucker, deceased, maintained at the Belmont Shore Branch No. 229, of the aforesaid bank located at 5219 East Second Street, Long Beach 3, California, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, Erich Braucker also known as Erick Braucker, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 9, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1803; Filed, Mar. 1, 1948; 8:46 a. m.]

[Vesting Order 10671]

FRIEDRICH CONZE

In re: Debt owing to Friedrich Conze. F-28-2149-B-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Friedrich Conze, whose last known address is Schloss Str., Weissenbrunn vorm Wald near Coburg, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: That certain debt or other obligation owing to Friedrich Conze, by Roosevelt & Son, 30 Pine Street, New York, New York, in the amount of $4,492.60, as of August 21, 1947, together with any and all accruals thereto, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 9, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1804; Filed, Mar. 1, 1948; 8:46 a. m.]

[Vesting Order 10674]

PAUL HAAK

In re: Bank account owned by Paul Haak. F-28-5979-C-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Paul Haak, whose last known address is Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows:

a. That certain debt or other obligation owing to Paul Haak, by Whitney National Bank of New Orleans, 224-228 St. Charles Street, New Orleans, Louisiana, arising out of a Savings Account, account number 96135, entitled Paul Haak, and any and all rights to demand, enforce and collect the same, and

b. That certain debt or other obligation owing to Paul Haak, by Whitney National Bank of New Orleans, 224-228 St. Charles Street, New Orleans, Louisiana, arising out of a Checking Account, entitled Paul Haak, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not

within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 9, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1805; Filed, Mar. 1, 1948; 8:46 a. m.]

[Vesting Order 10575]

K. J. AKAHOSHI

In re: Bank account owned by K. J. Akahoshi. D-39-108-E-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That K. J. Akahoshi, whose last known address is Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows: That certain debt or other obligation owing to K. J. Akahoshi, by Bank of Hawaii, King and Bishop Streets, Honolulu, T. H., arising out of a savings account, Account Number 159274, entitled K. J. Akahoshi, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on January 29, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1744; Filed, Feb. 27, 1948; 8:54 a. m.]

[Vesting Order 10583]

SHUJI FUJIWARA

In re: Bank accounts owned by Shuji Fujiwara. D-39-207-C-1, D-39-207-E-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Shuji Fujiwara, whose last known address is Sho-boji, Kuniyasumura, Shuso-gun, Ehime-ken, Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows:

a. That certain debt or other obligation owing to Shuji Fujiwara, by Bank of Hawaii, King and Bishop Streets, Honolulu 2, T. H., arising out of a savings account, Account Number 191552, entitled Shuji Fujiwara, and any and all rights to demand, enforce and collect the same, and

b. An undivided one-half interest in and to that certain debt or other obligation of Bank of Hawaii, King and Bishop Streets, Honolulu 2, T. H., arising out of a savings account, Account Number 171592, entitled Shuji Fujiwara and Taneyo Fujiwara, Either or Survivor, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

[Vesting Order 10675]

BERNHARD MARTIN MATZEN

In re: Bank account owned by Bernhard Martin Matzen, also known as Bernhard Matzen. F-28-7790-E-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Bernhard Martin Matzen, also known as Bernhard Matzen, whose last known adress is Oevenum Insel Fohr, Schleswig-Holstein, Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: That certain debt or other obligation owing to Bernhard Martin Matzen, also known as Bernhard Matzen, by American Trust Company, San Francisco, California, arising out of a Savings Account, account number 7700, entitled Bernhard Matzen, maintained at the branch office of the aforesaid bank located at Petaluma, California, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

Executed at Washington, D. C., on January 29, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1745; Filed, Feb. 27, 1948; 8:54 a. m.]

[Vesting Order 10598]

WALTER VASEL

In re: Unit certificate owned by Walter Vasel. D-28-11212-D-4.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Walter Vasel, whose last known address is Germany, is a resident of Germany and a national of a designated enemy country (Germany);

2. That the property described as follows: Fifteen (15) units of $20 par value capital stock of The Chase National Bank of the City of New York, 18 Pine Street, New York, New York, and no par value capital stock of Chase Securities Corporation, 18 Pine Street, New York, New York, evidenced by unit certificates numbered X27428 for ten (10) units and V25557 for five (5) units, registered in the name of Walter Vasel, together with all rights of exchange thereof for shares of $15 par value capital stock of said The Chase National Bank of the City of New York and $10 par value capital stock of Amerex Holding Corporation, 65 Broadway, New York, New York, and together with all declared and unpaid dividends on the shares of stock represented by said units and/or the shares of stock for which said units are exchangeable,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on January 29, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1746; Filed, Feb. 27, 1948; 8:54 a. m.]

[Vesting Order 10599]

TAKASHI WADA

In re: Bank account owned by and rights of Takashi Wada under agency contract. D-39-17751-C-1, D-39-17751-C-2, D-39-17751-E-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Takashi Wada, whose last known address is Japan, is a resident of Japan and a national of a designted enemy country (Japan);

2. That the property described as follows:

a. That certain debt or other obligation owing to Takashi Wada, by Bank of Hawaii, King and Bishop Streets, Honolulu, T. H., arising out of a savings account, Account Number 163123, entitled Takashi Wada, and any and all rights to demand, enforce and collect the same, and

b. All interests and rights (including all commissions and monies payable or held with respect to such interests and rights and all damages for breach of the agreement hereinafter described, together with the right to sue therefor) created in Takashi Wada by virtue of an agreement executed in Honolulu, T. H., dated and effective November 15, 1927 (including all modifications thereof and supplements thereto, if any) by and between Takashi Wada and Sun Life Assurance Company of Canada, 201 McCandless Building, Honolulu 16, Honolulu, T. H., which agreement relates to commissions on insurance premiums due Takashi Wada, an insurance agent,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on January 29, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1747; Filed, Feb. 27, 1948; 8:54 a. m.]

[Vesting Order 10602]

RIKI YAMADA

In re: Bank account owned by Riki Yamada. F-39-6103-E-1.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Riki Yamada, whose last known address is Japan, is a resident of Japan and a national of a designated enemy country (Japan);

2. That the property described as follows: That certain debt or other obligation of Bank of Hawaii, King & Bishop Streets, Honolulu, T. H., arising out of a savings account, Account Number 156558, entitled Mitsugi Yamada, Trustee for Riki Yamada, and any and all rights to demand, enforce and collect the same,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the aforesaid national of a designated enemy country (Japan);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Japan).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on January 29, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48-1748; Filed, Feb. 27, 1948; 8:54 a. m.]

[Vesting Order 10632]

ADOLF SCHACHT

In re: Estate of Adolf Schacht, deceased. File No. D–28–9518; E. T. sec. 12922.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Rudolph Schacht, Anna Beek, Walter Studt and Herbert Studt, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That the daughter, name unknown, of Johannes Schacht and the children, names unknown, of Charlotte Knoop, deceased who there is reasonable cause to believe are residents of Germany, are nationals of a designated enemy country (Germany);

3. That all right, title, interest and claim of any kind or character whatsoever of the persons identified in subparagraphs 1 and 2 hereof, and each of them, in and to the estate of Adolf Schacht, deceased, is property payable or deliverable to, or claimed by, the aforesaid nationals of a designated enemy country (Germany);

4. That such property is in the process of administration by The Baker-Boyer National Bank of Walla Walla, as executor, acting under the judicial supervision of the Superior Court of the State of Washington, for the County of Walla Walla, Washington;

and it is hereby determined:

5. That to the extent that the persons named in subparagraph 1 hereof, the daughter, name unknown, of Johannes Schacht and the children, names unknown, of Charlotte Knoop, deceased, are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 5, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48–1749; Filed, Feb. 27, 1948; 8:54 a. m.]

[Vesting Order 10661]

EDWARD GARRELL

In re: Estate of Edward Garrell, deceased. File No. D–28–10397; E. T. sec. 14803.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Louise Garrell, Elemar Garrell, Sigmund Garrell, Werner Garrell, Ignatz Garrell, Willi Garrell, Werner Paul, Herbert Paul, Berta Paul Wischmann, Alwin Piskenbrock, Julius Piskenbrock and Siegfried Piskenbrock, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That all right, title, interest and claim of any kind or character whatsoever of the persons identified in subparagraph 1 hereof, and each of them, in and to the Estate of Edward Garrell, deceased, is property payable or deliverable to, or claimed by, the aforesaid nationals of a designated enemy country (Germany);

3. That such property is in the process of administration by B. J. Lager, as Executor, acting under the judicial supervision of the County Court of Clinton County, Illinois.

and it is hereby determined:

4. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 9, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48–1751; Filed, Feb. 27, 1948; 8:55 a. m.]

[Vesting Order 10668]

ERNEST WILHELM

In re: Estate of Ernest Wilhelm, deceased. File No. D–28–9684; E. T. sec. 13487.

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Heinrich Wilhelm and Jacob Wilhelm, whose last known address is Germany, are residents of Germany and nationals of a designated enemy country (Germany);

2. That all right, title, interest and claim of any kind or character whatsoever of the persons named in subparagraph 1 hereof in and to the estate of Ernest Wilhelm, deceased, is property payable or deliverable to, or claimed by, the aforesaid nationals of a designated enemy country (Germany);

3. That such property is in the process of administration by the Public Administrator of New York County, as administrator, acting under the judicial supervision of the Surrogate's Court of New York County, New York;

and it is hereby determined:

4. That to the extent that the persons named in subparagraph 1 hereof are not within a designated enemy country, the national interest of the United States requires that such persons be treated as nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in Section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 9, 1948.

For the Attorney General.

[SEAL] DAVID L. BAZELON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 48–1752; Filed, Feb. 27, 1948; 8:55 a. m.]